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**EU PRE-ACCESSION ASSISTANCE IN AGRICULTURE AND RURAL
DEVELOPMENT: A COMPARISON ANALYSIS OF SAPARD AND IPARD
PROGRAMME IN SLOVENIA AND MACEDONIA**

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LIST OF ABBREVIATIONS

AFA	ANNUAL FINANCING AGREEMENT
CAO	COMPETENT ACCREDITING OFFICER
CARDS	COMMUNITY ASSISTANCE FOR RECONSTRUCTION, DEVELOPMENT AND STABILIZATION
CBA	COST-BENEFIT ANALYSIS
CBC	CROSS-BORDER COOPERATION
CEE	CENTRAL EASTERN EUROPE
CEQ	COMMON EVALUATION QUESTIONS
CMEF	COMMON MONITORING AND EVALUATION FRAMEWORK
DG	DIRECTORATE GENERAL
EAFRD	EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT
EAGGF	EUROPEAN AGRICULTURAL GUIDANCE AND GUARANTEE FUND
EC	EUROPEAN COMMISSION
ENPI	EUROPEAN NEIGHBORHOOD AND PARTNERSHIP INSTRUMENT
EU	EUROPEAN UNION
EURATOM	EUROPEAN ATOMIC ENERGY COMMUNITY
EUROSTAT	STATISTICAL OFFICE OF EUROPEAN UNION
FA	FRAMEWORK AGREEMENT
IE	IMPACT EVALUATION

IPA	PRE-ACCESSION ASSISTANCE
IPARD	INSTRUMENT FOR PRE-ACCESSION ASSISTANCE IN RURAL DEVELOPMENT
ISPA	INSTRUMENT FOR STRUCTURAL POLICIES FOR PRE-ACCESSION
MAF	MINISTRY OF AGRICULTURE AND FORESTRY
MAFA	MULTI-ANNUAL FINANCIAL AGREEMENT
MAFF	MINISTRY OF AGRICULTURE, FORESTRY AND FOOD
MAFWE	MINISTRY OF AGRICULTURE, FORESTRY AND WATER ECONOMY
MARD	MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT
MFA	MULTI-ANNUAL FINANCING AGREEMENT
MIFF	MULTI ANNUAL INDICATIVE FINANCIAL FRAMEWORK
MIPD	MULTI-ANNUAL INDICATIVE PROGRAMMING DOCUMENT
MS	MEMBER STATE
NAO	NATIONAL AUTHORIZING OFFICER
NF	NATIONAL FUND
NIPAC	NATIONAL IPA CO-ORDINATOR
NPAA	ACCESSION PARTNERSHIPS AND NATIONAL PROGRAMMES FOR THE ADOPTION OF THE ACQUIS
NUTS	NOMENCLATURE OF TERRITORIAL UNITS FOR STATISTICS
OECD	ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
PHARE	POLAND AND HUNGARY: ASSISTANCE FOR RESTRUCTURING THEIR ECONOMIES

SA	SECTORAL AGREEMENT
SAA	STABILISATION AND ASSOCIATION AGREEMENTS
SAP	STABILISATION AND ASSOCIATION PROCESS
SAPARD	SPECIAL ACCESSION PROGRAMME FOR AGRICULTURE AND RURAL DEVELOPMENT
SWOT	STRENGTH, WEAKNESS, OPPORTUNITY AND THREAT

1. INTRODUCTION

1.1 Background

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*² before accession. The new members are admitted only when they are fully able to take on the obligations that result from being a member of EU.

Concerning the cross-cutting policy issues, for countries which aspire to join the EU, the pre-accession policy is part of the Regional Cooperation, as an essential element of the process of stabilisation and association, which has previously guided the countries of CEE and now the Western Balkans towards EU membership. It helps the region to address shared challenges such as energy shortages, pollution, transport infrastructure, cross-border criminal activities, etc (EC, 2013).

The applicant countries involved in the pre-accession process are the ten countries of CEE (Bulgaria, Czech Republic, Estonia, Latvia, Lithuania, Hungary, Romania, Slovakia, Slovenia and Poland), today Member States; and the seven candidate and potential candidate countries of Western Balkan region, i.e. Croatia, Former Yugoslav Republic of Macedonia Montenegro, Serbia, Albania, Bosnia-Herzegovina and Kosovo (under UNSCR 1244/9).

The EU introduced two pre-accession policies (Special Accession Programme for Agriculture and Rural Development and Instrument for Pre-Accession Assistance in

² The *acquis* is the body of common rights and obligations that is binding in all the EU member states. It is constantly evolving and comprises (EC, 2013):

- the content, principles and political objectives of the Treaties;
- legislation adopted pursuant to the Treaties and the case law of the Court of Justice;
- declarations and resolutions adopted by the Union;
- instruments under the Common Foreign and Security Policy;
- International agreements concluded by the Union and those entered into by the member states among themselves within the sphere of the Union's activities.

Rural Development) for the preparation of the agricultural sector and rural areas of the candidate countries before their accession to European Union (EU). 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.

SAPARD was the European Union's pre-accession programme for agriculture and rural development support in the applicant countries of CEE during the pre-accession period 2000-2006. The overall assessment of SAPARD 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.

1.2 Objectives of the thesis

The thesis has the objective to compare the effectiveness of the two pre-accession programmes (SAPARD and IPARD) in improving the socio-economic situation of pre-accession countries, with reference to two country case studies, i.e. Slovenia and Macedonia (selected by taking into consideration the social-economic similarities which make the comparison between these two countries possible) - which have implemented SAPARD and IPARD respectively; and in a specific period of time. Specifically it has two goals:

1. Analyse the implementation process of SAPARD and IPARD in Slovenia and Macedonia.
2. Estimate the socio-economic impact of SAPARD and IPARD on the target regions of Slovenia and Macedonia.

For the comparison of the effectiveness of the two pre-accession programmes, would be useful to make a properly Impact evaluation (IE), but since the available data are insufficient, we will proceed in a comparison based on the identification of the set of measures and indicators which have been introduced in selected regions within the

implementation of the two programmes; and the changes that could be attributed to a policy intervention.

1.3 Research questions

Based on the above and with reference to the objectives of this thesis we set up the following research questions:

Objective No.1 Analyse the implementation process of SAPARD and IPARD programmes in Slovenia and Macedonia.

1. Slovenian programme showed a delay on accreditation of the first measures which affected the implementation of the programme in time. The delay came as a result of a lengthy process on the setting-up the administrative and delivery systems and the finalisation of detailed guidelines by the Commission. Did Macedonia face the same problem in the implementation time of the IPARD programme?
2. Slovenia didn't implement all the 15 measures designed by the Commission for SAPARD. Perhaps they were not targeting the right beneficiaries or they were not properly designed. Did the IPARD in Macedonia implement all the measures by also taking into consideration the regional disparities?
3. In Slovenia the impact of SAPARD on the primary sector as a whole were limited, since it only reached a small % of the total farmer population. Did IPARD programme reach a larger number of farmers on Macedonia?

Objective No.2 Estimate the socio-economic impact of SAPARD and IPARD programmes on the target regions of Slovenia and Macedonia.

4. SAPARD programme had a positive impact on improving the processing capacity in Slovenian agriculture.
 - a) Did IPARD programme contribute as well to the improvement of processing capacity of agriculture in Macedonia (at least in some areas of the country)?
 - b) Which of the two programmes gave a greater help in the increase of the processing capacity of agriculture?

5. SAPARD programme had a positive impact on the diversification of the rural economy in Slovenia, creating opportunities for non-agricultural activities.

- a) Did IPARD programme contribute to the diversification of rural economy in Macedonia, creating rural tourism activities (at least in some areas of the country)?
- b) Which of the two programmes was considerably more successful in the diversification of rural economies?

1.4 Structure of the thesis

This thesis is organized in six chapters. Chapter 1 presents the background, the objectives of the thesis; identifies the research questions and provides a detailed description of the structure of thesis. Chapter 2 gives an overview of the pre-accession process of the European Union to the candidate countries in these eleven years. This chapter describes both strategies of the pre-accession, which the beneficiaries of the CEE-s and Western Balkans have passed through, during the whole process of the accession. Chapter 3 gives an overview of both the pre-accession programmes for the applicant countries of CEE and Western Balkan region, from the identification of the similarities and differences concerning the main elements of both programmes, to the description of the implementation process. Chapter 4 gives an overview of the literature review which was conducted before framing the research and explains the methodology and the data used to compare the effectiveness of the two pre-accession programmes in improving the socio-economic situation of pre-accession countries. It includes the selection of the time period for the conduction of the analysis, the selection of the two country case studies and the reasons as well. The comparison will be made by identifying: the set of measures and indicators which have been introduced in the regions of the countries selected within the implementation of the two programmes. Chapter 5 describes the achieved results of the analysis conducted. At the end, chapter 6 reports the conclusions of the analysis, the limits of the methodology used and the possible steps for future research.

2. THE EU PRE-ACCESSION PROCESS FOR WESTERN BALKAN AND CENTRAL - EASTERN EUROPE COUNTRIES

The pre-accession aid 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*.

It is a long process based on the fulfillment of different steps, starting from the setting up of the bilateral agreements and partnerships between EU and the countries that have applied, till providing the financial assistance during the whole process of the pre-accession. While the policy framework of the European Union for the countries of CEE on their accession process was under the pre-accession strategy, for the Western Balkan countries this framework is under the Stabilisation and Association Process (SAP).

Fig. 1.1 “The beneficiaries of CEE and Western Balkan”



☐- Countries of Central-Eastern Europe (new Member States); ☐- Candidate countries of Western Balkan ☐- Potential candidate countries of Western Balkan;

This chapter describes both, processes of the pre-accession assistance, which the applicant countries of the CEE and Western Balkan have passed through, including; decisions, regulations, agreements and partnerships which affect and facilitate the implementation of these two processes. Furthermore, it includes a short critical analysis of all the financial pre-accession programmes.

2.1 Pre- accession strategy for the candidate countries of the Central - Eastern Europe during the period 2000 -2006

The Luxembourg European Council, (at the end of 1997) decided to adopt the pre accession strategy for the ten countries of CEE³. The pre-accession strategy sets out a framework for the accession process for each candidate country. The aim of the strategy was to support the countries of CEE on becoming members of the European Union by bringing them into line with EU requirements before accession. It is based on the Accession Partnerships and the reinforcement of pre-accession aid. Progress of each country depends on its own merits in meeting the Copenhagen criteria and the conditions set for the pre-accession strategy (Enlargement, 2001).

The pre-accession strategy is based on three important instruments, detailed in what follows:

- Bilateral agreements between the European Union and the countries of CEE
- Accession Partnerships and National Programmes for the Adoption of the *Acquis* (NPAA)
- Pre-accession assistance

2.1.1 Europe Agreements

Europe Agreements are bilateral association agreements that have been concluded between EU and each of the following countries of CEE: Bulgaria, Czech Republic, Estonia, Latvia, Lithuania, Hungary, Romania, Slovakia, Slovenia and Poland. In the context of accession to the EU, they formed the framework for the implementation of the accession process. Europe Agreements include the establishment of a political

³ Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Romania, Slovakia, Slovenia and Poland

dialogue, the creation of a free trade area, a definition for commitment by the associated countries to approximate their legislation with that of the Community, as well as economic, cultural and financial cooperation. The free trade established by the Europe Agreements, between the EU and each country of CEE, was over a maximum period; lasting ten years for Bulgaria, Czech Republic, Hungary, Poland, Romania and Slovak Republic, six years for Lithuania and Slovenia, and four years for Latvia (Enlargement, 2001; EU, 2013).

2.1.2 Accession Partnerships

Council Regulation 628/98EC set up the Accession Partnerships for each of the ten countries⁴ of CEE. The principles, priorities, intermediate objectives and conditions of each Accession Partnership were decided by the Council. The Accession Partnerships, which were systematically revised, brought together in one document the areas of priority in which the candidate countries needed to make progress in order to become ready to join the EU. They also defined ways in which EU financial assistance, of all types and from all programmes, support their efforts to do so. The Accession Partnership framework covered the whole pre-accession period, thus providing the framework for the multi-annual programming of assistance to the candidate countries sources (Enlargement, 2001; EU, 2013).

2.1.3 Pre-accession assistance for the countries of Central - Eastern Europe (2000-2006)

The EU introduced three pre-accession financial instruments under the pre-accession strategy for the countries of CEE during the period 2000-2006: Poland and Hungary: Assistance for restructuring their Economies (PHARE) programme, Instrument for Structural Policies for Pre-Accession (ISPA) and the Special Accession Programme for Agriculture and Rural Development (SAPARD). The pre-accession aid started with PHARE programme and was followed by the addition of two other new instruments ISPA and SAPARD (Council Regulation, 1999; EU, 2013).

⁴ Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Romania, Slovakia, Slovenia and Poland

Programming under these three pre-accession instruments follows the principles, priorities and conditions set out in the Accession Partnerships. The pre-accession funds, made available after the accession of the first new Member States, were reallocated to the other candidate countries. That means that the same global pre-accession resources helped a smaller number of other countries. Despite eventual different aims and focuses, the main objective remained the preparation of candidate countries for accession (Enlargement, 2001; EU, 2013).

All the pre-accession instruments during the period 2000-2006 have been replaced by the only Instrument of Pre-Accession Assistance (IPA), for preparing the candidate and the potential candidate countries of the Western Balkan for accession.

PHARE

The proposal of European Commission in Agenda 2000 was on focusing the PHARE programme on preparing the countries of CEE for EU membership by concentrating its support in the adoption of the *acquis*, on two crucial priorities; Institution Building through the Twinning mechanism and investment support. Twinning was launched in May 1998 as the principal mechanism of the Institution Building process, to help the candidate countries in their development of efficient administrations with the structures, human resources and management skills needed to implement the *acquis* to the same standards as Member States. As a result of the creation of two instruments for the pre-accession assistance (SAPARD and ISPA), the basic orientations of PHARE programmes were adjusted. The principal adjustment was to redirect PHARE's funds to addressing the problem of economic and social cohesion. PHARE programme covered the ten countries⁵ of CEE by assisting them in a period of massive economic restructuring and political change. Until 2000 even the countries⁶ of the Western Balkan were beneficiaries of PHARE programme, which was replaced in 2001 by the financial instrument of Community Assistance for Reconstruction, Development and Stabilization (Enlargement, 2001).

⁵ Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia Slovenia, Bulgaria and Romania

⁶ Albania, Bosnia-Herzegovina and the Former Yugoslav Republic of Macedonia

ISPA

The instrument for Structural Policies for Pre-accession (ISPA) was established by Council Regulation 1267/99EC to enhance economic and social cohesion in the applicant countries of CEE for the period 2000-2006. This instrument has provided additional financial support to the candidate countries in the areas of transport and environment. As far as environment is concerned, special attention was given to projects which are environmentally-friendly and of interest for the Community such as drinking water supply, waste water treatment, waste management and reducing air pollution in case of transport (Council Regulation, 1999). For the period 2000-2006, ISPA was under the responsibility of the Directorate-General for Regional Policy, with an annual budget over 1 billion euro per year. Like PHARE programme, even ISPA aim Economic & Social Cohesion. The fact that the only focus of ISPA programme was on environmental and transport infrastructure, allowed PHARE programme to focus on other aspects of Economic & Social Cohesion, which avoids over-lapping of responsibilities in this field. Projects for the new Member States, previously financed under ISPA, are still under the responsibility of DG Regional Policy as part of its Cohesion Fund policy (Enlargement, 2001).

SAPARD

Similarly to the other two instruments (ISPA and PHARE) even SAPARD was created in order to help the countries of the CEE in their preparation for the process of accession into EU during the period 2000-2006. The focus of SAPARD programme, unlike the other two instruments, was on providing aid for the problems connected with structural adjustment in agricultural sectors and rural areas of the countries of CEE. The assistance for setting up the national structures of managing SAPARD was provided by PHARE programme (Enlargement, 2001).

Structure, functioning and implementation of SAPARD programme are reported in Chapter 3.

2.2 Pre-accession strategy for the candidate countries of Western Balkan during the period 2007-2013 (SAP)

The Stabilisation and Association Process (SAP) is the EU's policy framework for the countries of Western Balkan. Was launched for the first time in June 1999 and strengthened after the Thessaloniki Summit as the only framework for the Western Balkans' European journey, until their accession into the EU. Progress of each country towards the EU will depend on its own merits in meeting the Copenhagen criteria and the conditions of SAP, confirmed in the final declaration of the Zagreb Summit 2000 (European Parliament, 2004; EU, 2013).

Six countries of Western Balkan region were recognized by Thessaloniki Summit as potential candidate countries: Albania, Bosnia-Herzegovina, Montenegro, Serbia, Croatia and Macedonia. The Summit stated even for Kosovo (under UNSCR 1244/9) a clear European perspective, in line with the rest of the Western Balkans. From that moment till now, four out of six countries: Croatia, Macedonia, Montenegro and recently Serbia, received the status of candidate countries for EU membership⁷. Albania, Bosnia-Herzegovina and Kosovo still remain potential candidate countries (EC, 2013).

Stabilisation and Association Process has three strategic goals: stabilisation and transition towards a free and competitive market economy, promotion of regional cooperation and the prospect of EU accession. The achievement of these goals is supported by contractual, economic and financial instruments, which will help in strengthening the reforms and in accompanying the transition process in the Western Balkans. SAP is both bilateral and regional, creating strong links between each country and the EU, as well as encouraging cooperation between the countries themselves and

⁷ Macedonia applied for EU membership in March 2004 and in December 2005 received the status as candidate country. On December 2008 Montenegro applied for EU membership and in December 2010 received the status as candidate country. Croatia applied for EU membership in February 2003 and in June 2004 received the status as candidate country. Furthermore, from 2005 Croatia was in negotiations till June 2011 when the Member States decided to close accession negotiations and the accession is foreseen for 1 July 2013.

their neighbours in the region (EC, 2013). It is based on three important elements, detailed below:

- Bilateral Agreements (Stabilisation and Association Agreements - SAA)
- Partnerships (European Partnerships with potential candidate countries and Accession Partnerships with candidate countries)
- Financial assistance (Instrument for Pre-accession Assistance – IPA)

2.2.1 Stabilisation and Association Agreements (SAA)

Stabilisation and Association Agreements are part of the EU Stabilisation and Association Process (SAP) and European Neighborhood Policy (ENP). SAA-s play a key role within the framework of the SAP. They represent a far-reaching contractual relationship between the EU and each Western Balkan country, entailing mutual rights and obligations concerning the gradual implementation of a free trade area and reforms designed to achieve the adoption of EU standards with the aim of moving closer to the EU. The Stabilisation and Association Agreements are designed to contribute to the social-economic development, to strengthen the democracy and the power of law, political stabilisation of the country into the region, to encourage regional cooperation and to establish a close long-term association between the contracting parties. SAA-s are based mostly on the EU's *acquis* and on its annunciation in the cooperating states legislation (EC, 2013).

EU has already completed the negotiation of Stabilisation and Association Agreements with all Western Balkan countries. These agreements explicitly include provisions for future EU membership of the countries involved (EC, 2013)⁸. The

⁸ Macedonia signed the Stabilisation and Association Agreement (SAA) on 9 April 2001 and entered into force on 1 April 2004. An Interim Agreement, covering trade and trade-related aspects, entered into force in June 2001. Croatia was the second country to sign a Stabilisation and Association Agreement (SAA) with the EU on 29 October 2001. This agreement entered into force on 1 February 2005. Montenegro signed the Stabilisation and Association Agreement and the Interim Agreement on trade and trade-related issues on 15 October 2007. The Interim Agreement entered into force on 1 January 2008 whereas SAA entered into force on 1 May 2010.

Stabilisation and Association Agreements (SAA-s) are basically similar to the Europe Agreements of the countries of CEE and Turkey Association Agreement. Both are based on the EU's *acquis* and on its incorporation into the cooperating states' legislation. (EC, 2013).

2.2.2 Partnerships with the Western Balkans

Within the framework of the Stabilisation and Association Process of Western Balkan countries, EU set up partnerships with Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia, and Kosovo⁹. The European Union applies the same methodology to the countries of the Western Balkans, already followed for the new Member States and acceding countries. The European partnerships provide a framework covering the priorities resulting from the analysis of Partners' different situations, on which preparations for further integration into the EU must concentrate on meeting the criteria defined by the European Council (Copenhagen criteria) and on the progress made in implementing the Stabilisation and Association Process including SAA-s, and in particular regional cooperation (Council Regulation, 2004; EU, 2013).

The partnerships are systematically revised based on the progress made by each country and any noticeable new priorities. The Council decides, by qualified majority, the principles, priorities and conditions to be incorporated in the European partnerships, as well as any subsequent adjustments. The follow-up of these European partnerships is ensured by a set of mechanisms established under the Stabilisation and Association Process, in particular the annual reports.

Albania signed the Stabilisation and Association Agreement (SAA) on 12 June 2006 and entered into force on 1 April 2009. It supersedes the Interim Agreement on trade and trade-related aspects, which entered into force in December 2006.

On 16 June 2008 the EU and Bosnia and Herzegovina signed the Stabilisation and Association Agreement (SAA) which will enter into force once its ratification process has been completed. An Interim Agreement on trade and trade-related issues, which was signed on the same day, entered into force on 1 July 2008.

Serbia signed the Stabilisation and Association Agreement (SAA) on 29 April 2008 and the Interim Agreement entered into force on 1 February 2010.

⁹ As defined by United Nations Security Council Resolution 1244 of 10 June 1999 (Council Regulation (EC) of 22 March 2004).

The Accession Partnerships bring together in one document the priority areas in which the candidate countries need to make progress in order to become ready to join the European Union. They also define ways in which EU financial assistance of all types and from all programmes will support their efforts to do so. The Accession Partnership framework covers the whole pre-accession period, thus providing the framework for the multi-annual programming of assistance to the sources of the candidate countries (Council Regulation, 2004; EU, 2013).

Croatia and Macedonia benefit from an accession partnership, which takes into account their special status as candidate countries. As far as the other countries are concerned, the European Partnerships are still present.¹⁰ (EC, 2013).

2.2.3 Pre-accession assistance for candidate and potential candidate countries of Western Balkan (2007 – 2013)

The financial assistance, under the Stabilisation and Association Process for the countries of Western Balkan, is provided by the Instrument of Pre-accession Assistance (IPA). The unified instrument (IPA) was designed on supporting both candidate and potential candidate countries during the period of pre-accession 2007-2013. (Council Regulation, 2006). Starting from 2007, IPA replaced all previously existing pre-accession instruments: PHARE, ISPA, SAPARD, the Turkish Pre-accession Instrument,

¹⁰ The first European Partnership for Albania was decided by the Council on June 2004. On 18 February 2008 the Council adopted a new European partnership with Albania, thus updating the previous European Partnership of January 2006.

The first European Partnership for Bosnia and Herzegovina was decided by the Council on June 2004. On 18 February 2008 the Council adopted a new European partnership with Bosnia and Herzegovina.

On 18 February 2008 the Council adopted the new European Partnership for Serbia which sets out the priorities for Serbia's European perspective.

A European partnership with Montenegro was adopted by the Council on 22 January 2007. The government of Montenegro adopted an action plan for its implementation on 17 May 2007.

On 3 October 2005 the Council decided to open accession negotiations with Croatia. On 30 June 2011 membership negotiations closed and the accession is foreseen for 1 July 2013. On the new Accession Partnership for the country was adopted by the Council on 12 February 2008.

On 18 February 2008 the Council adopted the Accession Partnership for Macedonia, thus updating the previous European Partnership of January 2006.

including even financial instrument (CARDS programme) for the Western Balkans (EC, 2009).

The aim of IPA is to enhance the efficiency and coherence of aid by a single framework, in order to strengthen institutional capacity, cross-border cooperation, social - economic development and rural development as well.

Some of the IPA target areas are the same for both candidate and potential candidate countries: support for democracy, rule of law, protection of human rights and respect of minority rights, public administration reform, economic reform, civil society, reconciliation in the widest sense, as well as regional and cross-border cooperation. For candidate countries, assistance targets the adoption and implementation of the *acquis* and it is also oriented towards the support for implementation and management of the Community's agricultural and cohesion policy after accession. For countries which are not candidates yet, the assistance is oriented towards progressive alignment with the *acquis* and generally, towards social – economic development as well. (Council Regulation, 2006).

The assistance is provided on the basis of the European Partnerships and the Accession Partnerships. As a flexible instrument, IPA provides assistance depending on the progress made by the beneficiary countries and their needs showed in the Commission's evaluations and strategy papers.

The reference amount for IPA support during the period 2007-2013 (including even support for Turkey) is EUR 11,468 million.

In order to achieve each country's objectives in the most efficient way, IPA is based on five different components (Council Regulation, 2006):

- 1) Transition Assistance and Institution Building. This component provides both “soft” support, in terms of know-how, and “hard”, in terms of physical investment in order to help countries meet the accession criteria and improve their administrative and judicial capacity.
- 2) Cross-Border Cooperation (CBC) supports cross-border cooperation at borders between candidate and potential candidate countries and between them and Member States. It may also fund participation of beneficiary countries in

Structural Funds' trans-national co-operation programmes and the European Neighborhood and Partnership Instrument (ENPI) Sea Basins programmes.

- 3) Regional Development finances investments and associated technical assistance in areas such as transport, environment and regional competitiveness.
- 4) Human Resources Development is designed to strengthen human capital and helps to combat exclusion.
- 5) Rural Development (IPARD) emulates post-accession Rural Development programmes by financing rural development-type measures, similar in nature to these programmes, though smaller in scale (see more on IPARD in Chapter 3).

All components are open to the candidate countries, while Component I and II are open even to the potential candidate countries. Components III, IV and V are open only to the candidate countries and are designed to mirror Structural, Cohesion and Rural Development funds, in preparation for the management of such funds upon accession, through a “learn by doing” process. This requires that the country has the administrative capacities and structures to take responsibility for the management of assistance. For potential candidate countries, regional, human resources and rural development-type measures will be implemented through the Transition Assistance and Institution Building component (EC, 2008).

According to the European Commission, the new instrument takes into account the actual differences between potential candidates and candidate countries in terms of administrative, programming and management capacity. The implementation of IPA, for potential candidate countries, is under centralised management¹¹, which means that the management of IPA is under the responsibility of European Commission centralised management. It may also be used for technical assistance under any of the IPA components (Commission Regulation, 2007)¹².

¹¹ The implementation of EU budget under centralised management, implementation tasks are performed directly by the EC, either by Brussels, through EU Delegations or by a specially established EU Agency.

¹² Refers to the “Transition Assistance & Institution Building” component and to the “Cross-border Cooperation” component.

The objective of the Commission is to support countries to move from centralised to decentralised management of assistance.

The last three IPA components, Regional Development, Human Resources Development and Rural Development (IPARD), aim to prepare candidate countries for the implementation and the management of Structural Funds which are subject to the same requirements as those applying to Member States. In this context, they shall only be implemented under the decentralised management. Implementation of this three components shall be delegated to third countries in accordance with Article 53b of Council Regulation 1605/02EC, EURATOM and the relevant provisions of the EC Treaties. Under the decentralised system, the Commission never undertakes *ex-ante* controls over national administration (Commission Regulation, 2007).

2.3 A critical analysis of the pre-accession programmes

The implementation and general operation of the previous and existing pre-accession programmes: PHARE, ISPA, SAPARD and IPA have been far from smoothly. The limited capacity to use the allocated funds has been the persistent problem during the implementation of the pre-accession assistance. Even though institution- building and strengthening of the capacities of national administrations were among the main objectives of these instruments, in some countries the progress has been slow and ineffective (GHK, 2011).

The delays in the administrative procedures in the beneficiaries countries have had an impact on the time needed to set up the system, but on the other hand, this was largely influenced by the delays of the European Commission, which failed to prepare on-time detailed principles and rules which would have clarified the policy and accelerated implementation (Gjorgjievski, 2008; GHK, 2011).

According to the public perception in most of the candidate countries, the fundamental problems with the operation of the pre-accession funds are deriving largely from the overly-bureaucratic nature of the structures laid down by the EU and the extremely demanding, expensive and time-consuming process of project preparation. (Gjorgjievski, 2008). National Development Plans have been often prepared in a rush, with inadequate consultation between the responsible ministries and other government

departments and even less consultation with the representatives of civil society (CEE Bankwatch , 2002). Limited attention concerning the views of local and civil society actors, is paid even in IPA programme, where their involvement in the process occur when the priorities have already been agreed and they have very few possibilities to influence the decisions. The involvement of the regional administrations is limited as a result of their apathy, weakness and the desire of national authorities to retain these matters within their own purview. (GHK, 2011).

The implementation of IPA is currently insufficiently result-oriented. Candidate and potential candidate countries do not receive more (or less) resources as a result of the good performance and progress in meeting the political criteria or achieving good outcomes on specific IPA measures. Candidate countries in particular have difficulties in timing their preparatory activities. The absence of a clear timescale for accession weakens commitment to the reform process.

There are relatively weak links between the process through which countries meet political criteria and the implementation of IPA and measures within it. Lacking experience with certain measures, the absorption capacity of final beneficiaries may be limited to a certain extent. Low levels of national co-financing required for IPA which cannot ensure proper ownership of the programme and projects.

Limited scope of regional programmes, (important to enhance the effectiveness of policies in pursuit of gradual alignment with European values and standards) result in only 9% of the total IPA funding given to regional projects. (GHK, 2011).

PHARE programme has been criticised by the Court of Auditors for the limited impact of the programme on helping the candidate countries become familiar with Structural Funds. It was also claimed that an effective management-information system was lacking and that the Commission had failed to demonstrate that the twinning process offered value for money. (CES, 2002).

ISPA and SAPARD programme were set up later. They were focused on preparing the candidate countries for the management of EU funds. Both programmes were slightly more effective in their aim to do so. The synthesis evaluation of SAPARD programme confirmed that, despite certain shortcomings such as bureaucratic

procedures and slow implementation, SAPARD was an “extremely useful learning process for national administrations and a remarkable success in general, with a view to the preparation for SF programmes after accession.” (EC, 2010).

3. PRE-ACCESSION PROGRAMMES FOR AGRICULTURE AND RURAL DEVELOPMENT

3.1 OVERVIEW OF SAPARD PROGRAMME

3.1.1 Background of SAPARD

SAPARD was the European Union's pre-accession programme in the field of agriculture and rural development. It was originally introduced in 1999 (Council Regulation, 1999) for supporting countries of CEE for the sustainability of the agriculture and rural development during the whole period of the pre-accession. The countries which benefited from this support during the period 2000-2006 were the following: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, and subsequently Croatia. The aim of SAPARD programme was on supporting the applicant countries in their efforts to implement the EU *acquis* concerning the Common Agricultural Policy and also to help solving specific problems of rural areas (Council Regulation, 1999). SAPARD programme was under the responsibility of the General Directorate of Agriculture.

It was an important instrument for the countries of CEE and also for the EU institutions and Member States, as a real opportunity for beneficiary countries on developing structures and building capacities on managing EU agricultural funds (EC, 2010).

3.1.2 Legal background

SAPARD programme was established by Council Regulation 1268/99EC, which sets out the basic rules for leading it. In particular the objectives of the programme, the measures introduced by the applicant countries, the programming related provisions, the management of resources and financial control. Council Regulation 1268/99C and other

Community legislations¹³ were the basis for implementation of SAPARD programme in countries of CEE.

¹³ An overview of other Community legislations relevant to SAPARD in the time frame as follow:

- Council Regulation (EC) No **1257/1999** of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations.
- Commission Decision **1999/595/EC** of **20 July 1999** on the indicative allocation of the annual Community financial contribution to pre-accession measures for agriculture and rural development.
- Council Regulation (EC) No **1260/1999** of 21 June 1999 laying down general provisions on the Structural Funds
- Commission Regulation (EC) No **1750/1999** of 23 July 1999 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF)
- Commission Regulation (EC) No **2759/1999** of 22 December 1999 laying down rules for the application of Council Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.
- Commission Regulation (EC) No **2222/2000** of 7 June 2000 lays down financial rules for the application of Council regulation. The implementing rules set out in the Commission regulation contains provisions concerning the conferral of aid management, the tasks of the different institutions set up at national level for the implementation of SAPARD, the rules on payments and controls and the procedures for clearance of accounts.
- Commission Regulation (EC) No **2356/2000** of 24 October 2000 amending Regulation (EC) No 2759/1999 laying down rules for the application of Council Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.
- Commission Regulation (EC) No **2252/2001** of 20 November 2001 amending Regulation (EC) No 2222/2000 laying down financial rules for the application of Council Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.
- Commission Regulation (EC) No **2251/2001** of 20 November 2001 amending Regulation (EC) No 2759/1999 laying down rules for the application of Council Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.
- Commission Regulation (EC) No **447/2004** of 10 March 2004 laying down rules to facilitate the transition from support under Regulation (EC) No 1268/1999 to that provided for by Regulations (EC) No. 1257/1999 and 1260/1999.

Besides the Community legislative background, it's important to mention the legal instruments; the financial agreements as MAFAs (Multi Annual Financial Agreement) and AFAs (Annual Financing Agreement), which played an important role on the process of SAPARD implementation (EC, 2010). MAFA covered the whole programming period and laid down the detailed rules for delegating the management of SAPARD funds to the applicant countries and the relevant financial control rules¹⁴. The Annual Financing Agreement sets out the Community financial commitment for applicant countries of CEE (EC, 2010).

3.1.3 Programme and eligible measures

In accordance with the priorities defined by the applicant countries of CEE, the Community set out the eligible measures chosen to be implemented under the SAPARD Programme. The support on agriculture and rural development of the applicant countries of CEE was related to one or more of the eligible measures, consistent with the relevant *acquis*. (Council Regulation, 1999). The table 3.1 shows the 15 eligible measures of SAPARD programme with the corresponding descriptions.

Table 3.1 “Eligible Measures of SAPARD Programme”

MEASURES	DESCRIPTION OF THE MEASURES
Measure I	Investments in agricultural holdings.
Measure II	Improving the processing and marketing of agricultural and fishery products.
Measure III	Improving the structures for quality, veterinary and plant-health controls, for the quality of foodstuffs and for consumer protection.
Measure IV	Agriculturally production methods designed to protect the environment and maintain the countryside.
Measure V	Development and diversification of economic activities providing for multiple activities and alternative income.

¹⁴ MAFA is grounded in three basic principles, outlined in the Commission's communication dated January 2000. It outlined the provisions of full decentralization of management of funds through SAPARD Agency, established under the responsibility of each country. The financing arrangements of SAPARD programme are based on differentiated appropriations, where commitment and payment entitlements followed the rules of Structural Funds and where the European Agricultural Guidance and Guarantee Fund (EAGGF) section procedures were applied for the clearance of accounts.

Measure VI	Setting up farm relief and farm management services.
Measure VII	Setting up producer groups.
Measure VIII	Renovation and development of villages and protection and conservation of the rural heritage.
Measure IX	Land improvement and reparcelling.
Measure X	Establishment and updating of land registers.
Measure XI	Improvement of vocational training.
Measure XII	Development and improvement of rural infrastructure.
Measure XIII	Agricultural water resources management.
Measure XIV	Forestry, including forestation of agricultural areas, investments in forest holdings owned by private forest owners and processing and marketing of forestry products.
Measure XV	Technical assistance for the measures covered by SAPARD

Data source: European Commission, 1999

Each applicant country, through the competent authorities, designed the Rural Development Plan. The rural development plan mainly includes a quantified description of the current situation of the applicant country, the strategy proposed for the intervention and the prior appraisal with the anticipated effects of the intervention¹⁵ (Council Regulation, 1999).

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- A quantified description of the current situation showing disparities, shortcomings and potential for development, the main results of previous operations undertaken with the assistance of the Community, the financial resources deployed and the evaluation results available.
- A description of the strategy proposed its quantified objectives, the priorities selected and the geographical scope.
- A prior appraisal showing the anticipated economic, environmental and social impact, including effects on employment.
- An indicative overall financial table summarizing the national, the Community and, where is appropriate, the private financial resources provided for and corresponding to each rural development priority adopted in the context of the plan.
- An indicative financial profile for each year covered by the programming period for each source contributing to the programme.

Rural development plans of applicant countries have as a priority, measures which improve market efficiency, quality and health standards as well as measures which create new employment in rural areas, in compliance with the provision on the protection of the environment. The national Programmes for Agriculture and Rural Development are approved by the Commission within six months from the submission of the rural development plans of each applicant country, on the condition that all the relevant information is available. The plan covers a period up to 7 years, starting from the year 2000.

3.1.4 Implementation of SAPARD programme and timeline

The implementation of SAPARD occurred through Rural Development Plans, drawn up by each applicant country and approved by the European Commission. The National SAPARD Programmes contained a set of measures chosen by the applicant countries of CEE. After the approval of the national SAPARD programmes, the European Commission concludes and signs the financial agreements (MAFA and AFA) with applicant countries.

The implementation process of SAPARD started after the fulfillment of the main requirement, the accreditation of SAPARD Agency. Establishment and accreditation of this agency could run parallelly with preparation and approval of the SAPARD programme. The accreditation of each measure by institutional system is prior to the

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- Where appropriate, information on the need for any studies, training or technical assistance operations relating with the preparation, implementation or adoption of the measures concerned.
 - The name of the competent authorities and bodies responsible for carrying out the programme, including the paying agency.
 - A description of the measures contemplated for the implementation of the plans, and in particular aid schemes, including the points necessary for assessing the rules of competition.
 - Provision ensuring correct implementation of the programme, including monitoring and evaluation, and the definition of quantified indicators for evaluation and the arrangements for controls and penalties.
 - The results of consultations and provisions adopted for associating competent authorities and bodies as well as appropriate economic, social and environmental partners.

utilization of its budget. The national accreditation of each measure occurs as a prerequisite for the conferral of management by the EC, accomplished through a decision made by the Commission. Conferral of management to the applicant countries is performed on a fully decentralised basis, with ex-post control by the Commission on the principles of EAGGF Guarantee finance management. The applicant countries start the implementation of the programme (EC, 2010) only after the accreditation of the chosen measures.

Table 3.2 shows planned and implemented measures included in the approved SAPARD programmes of the applicant countries.

Table 3.2 “Planned and implemented measures by applicant countries”

MEASURES		COUNTRIES									
		C Z	EE	HU	LV	LT	PL	SK	SI	BG	RO
Measure I	Agri-Investment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Measure II	Processing Investment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Measure III	Vet & Plant health	✓									✓
Measure IV	Agri-Environment	✓	✓	✓	✓	✓	✓	✓		✓	✓
Measure V	Diversification	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Measure VI	Farm relief										
Measure VII	Producer groups			✓				✓		✓	✓
Measure VIII	Village renewal	✓	✓	✓						✓	
Measure IX	Land improvement	✓			✓			✓			
Measure X	Land register										
Measure XI	Vocation training	✓		✓	✓	✓	✓	✓		✓	✓
Measure XII	Rural infrastructure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Measure XIII	Water resources									✓	✓
Measure XIV	Forestry		✓		✓	✓	✓	✓		✓	✓
Measure XV	Technical assistance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Data Source: European Commission (2010), MAF, 2007, MARD, 2007

✓ - measures that were implemented by countries

✓ - measures that were dropped from SAPARD programmes

3.1.4.1 Institutional framework of SAPARD

The main provisions concerning the establishment and operation of the institutional system on the implementation of SAPARD programme, are laid down on MAFA agreements and on Commission Regulation 2222/00EC. According to those rules, applicant countries need to set up the implementing system's different

institutions, the procedures for management and control of funds as well as carry out pre-accreditation review of the SAPARD Agency. Each applicant country has to apply the most appropriate administration system on SAPARD for the adoption of certain financial and management controls required by the Commission.

The institutions appointed at national level on applicant countries and their tasks on managing SAPARD, are as follow (Commission Regulation, 2000):

- Competent Authority is the body which monitors and withdraws accreditation of the SAPARD Agency and appoints a Certifying Body. The decision of the Competent Authority to accredit the SAPARD agency are taken based on an examination, that covers the administrative, payment, control and accounting procedures and structures.
- SAPARD Agency is the body which carries out implementation and payment function during the implementation of SAPARD and is responsible for the administration of the programme at project level. In cases when there is malfunction in the process of the implementation and payment within a single administrative structure, then other parties could conduct them provided that the relevant provisions for delegation are respected. The SAPARD Agencies are accredited nationally based on the decision taken by the Competent Authority and furthermore the validity of the accreditation is verified by auditors of the European Commission.
- Certifying Body, which is operationally independent from SAPARD Agency, establishes certificate of the accounts, reports on the management, controls systems and verifies the co-financing elements. Its tasks include the delivery of an attestation on the annual account of SAPARD Agency and annual reporting on the adequacy of management and control systems of the SAPARD agency.
- Managing Authority is responsible for the efficient and correct management of the programme and is set up by each of the applicant countries of CEE. Its tasks include the monitoring of SAPARD implementation in the country, the establishment and operation of the Monitoring Committee, submission of the

requests for amendments of the programme to the Commission and providing annual reports to the Commission.

- Programme Monitoring Committee is responsible for the administration at programme level. The role of this Committee is to ensure that the implementation of SAPARD programme is appropriate to the approved programming document and to amend this one according to the current needs. This body contains primarily representatives of the 'partnership' involved in the implementation of SAPARD programme, which has powers to recommend, when appropriate, changes to certain content of the programming document.

The implementation of SAPARD programme is based on decentralized management, which means that the implementation process is delegated to the applicant countries. The objective of decentralized management is to give the applicant countries of CEE the possibility to have full responsibility on the selection, approval and monitoring of the projects and on the payment of funds to individual beneficiaries; and to demonstrate their ability to assume the responsibilities of membership in this respect. SAPARD programme differed from the other pre-accession funds because the commission delegated to the applicant countries not only the payment, but even the implementation tasks (Commission Regulation, 2000).

3.1.4.2 Evaluation and monitoring of SAPARD programme

SAPARD programme is subject to prior and mid-term appraisal, on-going monitoring and ex-post evaluation. The Commission and the applicant country monitor the implementation of the programme, by jointly agreed procedures and by taking into consideration the specific physical, environmental and financial indicators agreed and established beforehand. The implementation of the programme is assessed towards the achievement of its main objectives (Council Regulation, 1999).

3.1.5 Financial contribution

The assistance of SAPARD programme is subject of co-financing by the Community and is granted to the applicant country after the conclusion of the multi-annual and first-annual financing agreement. The EU contribution is made

simultaneously with the national contribution. The financial operations of the SAPARD agency start after the adoption of SAPARD programme and the taken decision on the conferral of management.

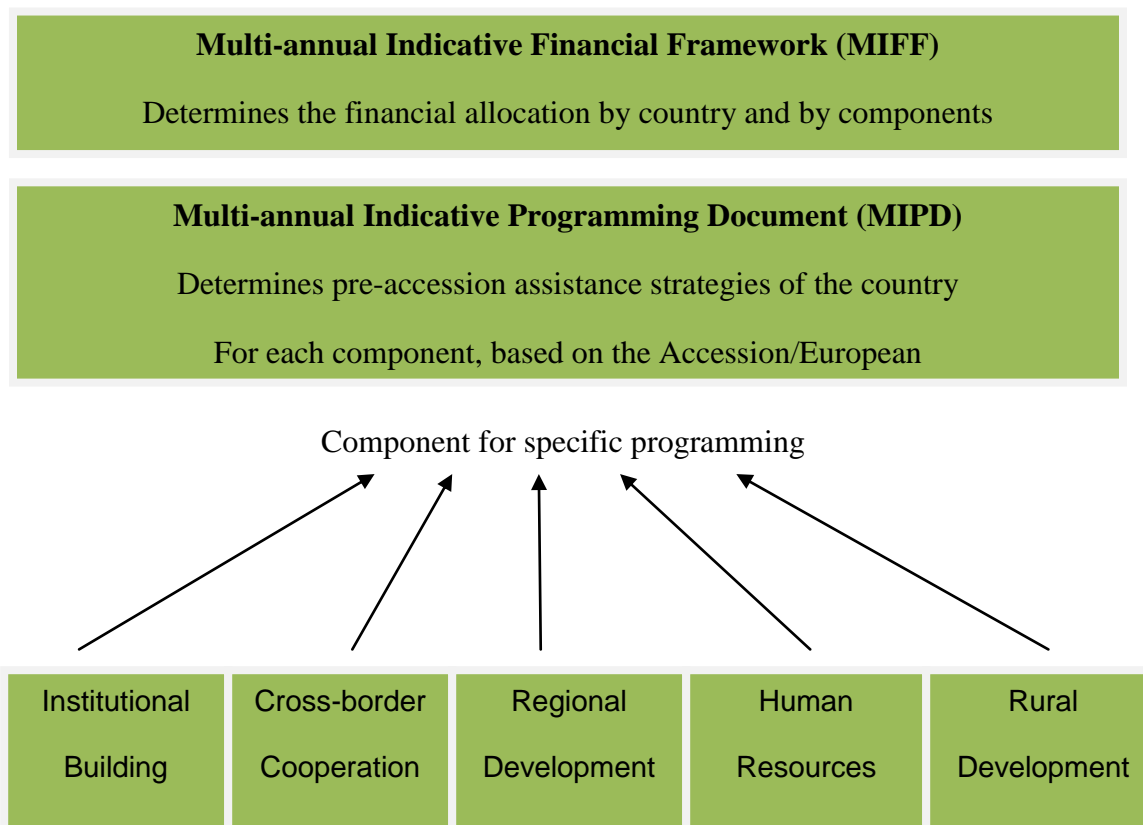
SAPARD programme provides up to 50 % aid from public (EU and national aid) funds and the remaining part of 50% is financed by the beneficiary. The EU contributed 75 % of the public aid and the remaining part of 25% is provided by national co-financing (Council Regulation, 1999).

3.2 OVERVIEW OF IPARD PROGRAMME

3.2.1 Policy framework and programming of IPA

The policy framework of IPA follows the steps described on the fig.1.1 (Rutkowska, 2008)

Fig.1.1 “Policy framework of IPA”



Indicative Financial Framework (MIFF), which is designed to provide information on the financial allocation by country and by components proposed by the Commission in accordance with Article 5 of Council Regulation 1085/06EC. The allocations will be made on the basis of specific criteria, including absorption capacity, needs assessment, respect of conditionality and capacity of management, whilst providing for flexibility to adapt to the specific pre-accession needs of the individual countries. It acts as a connection between the political framework within the enlargement package and the budgetary process. MIFF is based on a rolling three year programming period, with annual reviews (Commission Decision, 2007).

On the basis of a Multi-annual Indicative Financial Framework, the European Commission and the applicant countries prepare Multi-annual Indicative Programming Document (MIPD) which sets out a pre-accession assistance strategy for three years period. MIPD is a strategic document for the implementation of IPA. It covers all five components of IPA applicable to the candidate countries. It is prepared by the Commission in consultation with the authorities of these countries. The MIPD is based on the assessment of needs and challenges and on priorities identified in the Progress Report and the Accession Partnership, taking into account past and ongoing EU assistance as well as the applicant's planning documents such as the National Plan for Adopting the *Acquis*, the National Development Plan and the Pre-Accession Economic Programme. The MIPD provides the necessary consistency with the policy framework of pre-accession of applicant countries and between the different components. For each component separately, countries prepare the Operational Programmes (Commission Decision, 2007).

3.2.2 Background of IPARD

Rural development instrument (IPARD) is the fifth component of the Instrument for Pre-accession Assistance for the candidate countries of Western Balkan. The main objective of Rural Development component (IPARD) is to support candidate countries of Western Balkan to prepare for post-accession rural development programmes, by implementing pre-accession assistance through systems which are similar to those required after accession process. In particular contribute to the sustainable adaptation of

the agricultural sector and rural areas and on preparation for the implementation of the *acquis concerning* the Common Agricultural Policy and related policy areas (Council Regulation, 2006), objectives which were previously faced even in the SAPARD programme.

3.2.3 Legal background

The basic rules for leading and managing IPARD instrument; as objectives of the programme, eligible measures, the programming related provisions, implementation, the management of resources, financial control and the legal instruments are set out by IPA Regulation, IPA implementing Regulation (Council Regulation, 2006) and by Financial Regulation of the Commission (Council Regulation, 2002).

The legal instruments (framework, sectoral, multi-annual financing agreements)¹⁶ are bilateral agreements between candidate countries of Western Balkan and the European Commission (as the role of MAFA for SAPARD programme) which set out the rules for cooperation concerning the implementation of the assistance under IPARD component (Commission Regulation, 2007).

3.2.4 Multi-annual IPARD programme

Multi-annual IPARD programme is a strategic framework under which the assistance is implemented. It's drawn up at national level and contains the eligible measures under the rural development component which covers the entire period of IPA implementation. The multi-annual IPARD programme is prepared by the authorities, designated by the applicant countries and submitted to the Commission after consulting

¹⁶ Framework Agreement (FA) sets out the general rules for cooperation concerning the EC financial assistance to the candidate countries. It covers the five components under Instrument of Pre-accession Assistance (IPA).

Sectoral Agreement (SA) it's established between EC and candidate countries concerning the management, evaluation and the control of the IPARD component. It has the duty to complement the FA and set out the rules concerning the implementation of the rural development programme under decentralized management.

Multi-annual financing agreement (MFA) set out the breakdown of the multi annual legal commitments and the period of validity, which are broken down over several years into annual instalments. The MFA shall be revised on an annual basis in order to take into account the allocation provided in MIFF's three rolling years.

the appropriated parties (Commission Regulation, 2007). In principle, the basis of the programme are the same with SAPARD programme, but IPARD programme is more focused, detailed and precise (concerning better acknowledgment of the agriculture and rural situation of the candidate countries, depth analysis of the main sectors concerned, better targeting of the investment measures, the right final beneficiaries)¹⁷.

On the achievement of the main objectives of the programme, the eligible measures have been implemented under 3 priority axis presented on the table 3.3 (Commission Regulation, 2007).

¹⁷ Each program contains the specific elements as follow:

- A description of the current situation showing disparities, shortcomings and potential for development, the main results of previous operations undertaken by the Community and other bilateral or multilateral assistance, the financial resources deployed as well as the evaluation of the available results;
- A national rural development strategy which is based on an analysis of the current situation in the rural areas and on an in-depth analysis of the sectors concerned. It contains quantified objectives, indicating for each of the priority axis the appropriated monitoring and evaluation indicators;
- Translation of strategic approach and sectoral strategies identified in the multi-annual indicative planning document of the beneficiary country, into the rural development component;
- An overall financial table summarizing the national and Community financial resources provided for each rural development measures and EU co-financing rate by axis.
- Measures chosen
- Operating structure for the implementation of the program, including monitoring and evaluation.
- The authorities and bodies responsible for carrying out the program.
- The results of the consultations and provisions adopted for associating the relevant authorities and bodies of the program.
- The *ex ante* evaluation of the program, including the description of the follow-up undertaken by the beneficiary countries on recommendations.

Table 3.3 “Eligible Measures of IPARD Programme”

PRIORITY AREAS		MEASURES
Axis 1	Improving market efficiency and implementation of EU standards.	Investments in agricultural holdings to restructure and to upgrade to EU standards.
		Investments in the processing and marketing of agriculture and fishery products to restructure and upgrade to Community standards.
		Support for the setting-up of producer groups.
Axis 2	Preparatory actions for implementation of the agro-environmental measures and local rural development strategies.	Preparation for implementation of actions relating the environment and the countryside.
		Preparation and implementation of local rural development strategies.
Axis 3	Development of the rural economy.	Improvement and development of rural infrastructure.
		Diversification and development of rural economic activities.
		Improvement of training.

Data Source: Commission Regulation, 2007

The technical assistance measure is not under any of the three axes. The assistance under this measure is given for activities related to the preparation, monitoring, evaluation, information and control activities which are necessary for the implementation of the programme.

Differently from SAPARD, IPARD measures are strongly focused on the EU *acquis* related with environmental, market efficiency, quality and health standards and are more concentrated in number to the main priorities (from 15 measures under SAPARD to 9 measures under IPARD). As also seen in SAPARD, applicant countries in their programme give priority to the measures which implement the Community standards and improve market efficiency as well as to the measures which create new employment opportunities in rural areas. The submission of the programme by the applicant countries to the Commission is done after having consulted the appropriate

parties and the programme is approved by the Commission within six months of submission. Once the Multi-annual IPARD Programme is approved by the European Commission and became a programme document, bilateral agreements (Framework, Sectorial and Financial agreements) have to be concluded with beneficiary countries. (Commission Regulation, 2007).

3.2.5 Implementation of IPARD programme and timeline

After the approval of the programme and the conclusion of the bilateral agreements by EC (FA, SA, MAF) and the applicant countries of Western Balkan, IPARD programme is ready to be implemented. The Implementation process of IPARD starts after the fulfillment of the accreditation of the operating structure, represented by IPARD Agency (which plays the same role of the accreditation agency of SAPARD programme) and the conferral of management of aid by the Commission decision. The Implementation of IPARD is carried out by the applicant countries on the basis of decentralized management, without ex ante controls. After the accreditations of the chosen measures, applicant countries start the implementation of the measures (Commission Regulation, 2007).

3.2.5.1 Institutional framework of IPARD

Each of the applicant countries has to set up and put in place an adequate legislation and institutional framework for the purpose of an effective and efficient use of the IPARD funds.

Regarding the structures, the applicant countries shall designate the following bodies and authorities (Commission Regulation, 2007; EC, 2008):

- National IPA Coordinator (NIPAC) is appointed by the applicant countries and represented a high-ranking official in the government or the state administration of the country, ensures the overall co-ordination of assistance under the IPA Regulation.
- Competent Accrediting Officer (CAO) is appointed by the applicant countries and represented a high-ranking official in the government or the state administration of the country. As responsible for the implementation of the programme approved

by NIPAC, he/she has to supervise the effective functioning and accreditation of the whole implementation system.

- National Authorizing Officer (NAO) is appointed by the applicant countries and represented a high-ranking official in the government or the state administration of the country. A National Authorizing Officer is financially responsible for the accreditation of IPARD Agency (this role was played by the Competent Authority in SAPARD programme) and management of EU funds.
- A National Fund (NF) acts as a central treasury and is in charge of tasks related to the financial management of assistance under the IPA Regulation, under the responsibility of the national authorizing officer. It shall in particular be in charge of organizing the bank accounts, requesting funds from the Commission, authorizing the transfer of funds received from the Commission to the operating structures or to the final beneficiaries, and the financial reporting to the Commission. The national fund shall be a body located in a State level Ministry of the applicant countries with central budgetary competence.
- Operating structures are responsible for the management and the implementation of the IPARD programme concerned, in accordance with the principle of decentralized financial management. The operating structure of IPARD programme is as follows:
 - a) *Managing Authority* is carrying the tasks of drafting the programme, ensuring that operations are approved and funded, monitoring IPARD programme and assisting the IPARD Monitoring Committee; drawing annual and final implementation reports; setting, maintaining and updating the reporting and information system.
 - b) *IPARD Agency* is the body which carries out implementation and payment function during the implementation process of IPARD. The national accreditation of IPARD Agency occurs by the decision of the National Authorizing Officer (NAO) and the validity of the accreditation is verified by auditors of the European Commission.
- Audit Authority is designated by the applicant countries. It is functionally independent from all actors in the management and it controls systems and fulfills

its tasks in compliance with internationally accepted audit standards. It should conduct regular checks to ensure correct implementation, and be able to take appropriate measures to prevent irregularities and fraud and if necessary recover funds wrongly paid.

- Sectorial monitoring committee is set up by the applicant countries within three months from the approved programme by Commission decision. The sectorial monitoring committee draws up and approves its rules of procedure. Its task is to measure the progress, efficiency and effectiveness of the programme on the achievement of its objectives. The Commission takes part in the work of the sectorial monitoring committee.

3.2.5.2 Evaluation and monitoring of IPARD programme

IPARD programme is subject of *ex ante*, *ex post* and, where appropriate, interim evaluations carried out by independent evaluators under the responsibility of the applicant countries. The evaluations assess the implementation of the programme towards the achievement of its main objectives (Commission Regulation, 2007).

3.2.6 Financial contribution

As seen in the financial contribution of SAPARD programme, the assistance of IPARD programme is subject of co-financing by the Community and is granted to the applicant countries after the entry in force of the framework and the sectoral agreement. The financial operations of the IPARD agency start after the adoption of IPARD programme and the taken decision on the conferral of management.

IPARD programme provides up to 50 % aid from public (EU and national aid) funds and the remaining part of 50% is financed by the countries. The EU contributed 75 % of the public aid and the remaining part of 25% is provided by national co-financing (EC, 2008).

3.3 A descriptive comparison of SAPARD and IPARD programme

SAPARD and IPARD are characterized by the same objectives such as, contribution to the sustainable adaptation of the agricultural sector and rural areas and

the preparation for the implementation of the *acquis* concerning the CAP and related policy areas (Council Regulation, 1999; 2006).

In principle, SAPARD and IPARD have the same basis, but IPARD is more focused, detailed and precise (concerning better acknowledgment of the agriculture and rural situation of the candidate countries, in depth analysis of the main sectors concerned, better targeting of the investment measures, identification of final beneficiaries). Differently from SAPARD, IPARD measures are strongly focused on the EU *acquis* related with environmental, market efficiency, quality and health standards and are concentrated in a limited number of main priorities (from 15 measures under SAPARD to 9 measures under IPARD). Some of the SAPARD measures, such as those related to quality standards and water resources are included under the measures of the priority axis 1 “Improving market efficiency and implementation of EU standards” and priority axis 3 “Development of the rural economy”. Excluding the land improvement, land register, forestry and farm relief measures, all the other measures remain the same for both programmes (Council Regulation, 1999; 2006; Commission Regulation 2007). The Implementation process of both programmes start after the fulfillment of the accreditation of the operating structure (accreditation agency), and the conferral of management of aid by the Commission decision. Concerning the evaluation and monitoring system, both programmes are subject of ex post evaluation. SAPARD programme is subject of mid-term appraisal and on-going monitoring, while IPARD programme is subject of ex ante evaluations (Council Regulation, 1999; 2007).

The similarities and the differences in detailed of both programmes concerning the objectives, priority areas, structure and legal-financial instruments are shown in table 3.4.

Table 3.4 “Similarities and differences of SAPARD and IPARD programme”

No.	SAPARD	IPARD	EVIDENCES
1	MAIN OBJECTIVES		In IPARD programme the main objective are divided in 3 specific objective focusing on priority areas: a) Market efficiency and Community standards b) Agri-environmental measures and local rural development strategies c) Development of the rural economy
	1) Contribution to the implementation of the acquis communautaire concerning the Common Agricultural Policy and related policy areas by the candidate countries.		
	2) Contribute to sustainable development of rural areas in the candidate countries.		
	To be met by implementation of 15 measures.	To be met by implementation of 9 measures which are divided in 3 priority areas.	
2	LEGAL INSTRUMENTS		Playing the same role as bilateral agreements between parties in both programmes. In SAPARD programme, MAFA covered both rules there was set out on SA and MFA of IPARD programme.
	1) Multi-annual financial agreement 2) Annual financial agreement	1) Framework agreement 2) Sectoral agreement 3) Multi-annual financial agreement	
3	PROGRAMME		In IPARD programme the analysis of the current situation of agriculture and rural areas of the countries is based on a depth analysis of the sectors concerned which give more knowledge about the situation.
	Both programmes are the same concerning the contains of the elements, but IPARD program is more focused and detailed.		
4	PRIORITIES AREAS		IPARD highlights the importance of the agri-environment and the quality standards, creation and development of the micro and small enterprises and the importance of the craft and rural tourism sector on promoting entrepreneurs.
	Both programmes give priority to the improvement of market efficiency, quality and health standards and on the creation of the new employment opportunities in rural areas.		
	FINANCIAL CONTRIBUTION		In IPARD programme the ceiling can be raised up to: a) 55% for investments in agricultural holdings made by young farmers; b) 60% for investments in agricultural holdings in mountain areas; c) 65% for investments in agricultural holdings in mountain areas made by young farmers; d) 75% for investments in the case of investment projects carried out in regions where the Commission determines that exceptional natural disasters have occurred; e) 100% for investments in infrastructure not of a nature to generate substantial net revenue; (f) 100% for technical assistance measure.
5	Both programmes are based on the principle of co-financing by public aid up to 50 % of the total eligible cost of the investment (where the EU contribution is up to 75% of public aid and the remaining part up to 25 % is provided by national contribution) and the remaining part of 50% is financed by the beneficiaries.		
	In SAPARD programme the public aid do not exceed a ceiling of up to 50%, with the exception of the technical assistance where the EU contribution can amount up to 100% of the total eligible cost.	In IPARD programme the public aid do not have to exceed a ceiling of up to 50% of the total eligible cost but depending on situations and measures that ceiling change.	

Data source: Council Regulation, 1999; 2006; Commission Regulation 2007

3.4 A descriptive comparison of SAPARD and IPARD programme in Slovenia and Macedonia

Programmes in Slovenia and Macedonia defined the specific objectives (respectively four¹⁸ and two¹⁹ specific objectives) justified by needs identified in their rural development plans by analysing the strengths and the weaknesses of agriculture sector and rural areas. Specific objectives of the programme are linked to the two overall objectives of the programmes explained above (section 3.1.1 and 3.2.2).

Both countries identified as a priority areas: investments in agricultural holdings to restructure and to upgrade to 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 the programmes are implemented under the guidance of the Ministry of Agriculture as a Managing Authority.

Slovenian programme planned to introduce and implement 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

¹⁸ 1) Increase competitiveness of the farming and food processing sector.

2) Improvement of farm incomes.

3) Compliance with EU standards.

4) Creation of additional employment on farms and improvement of the quality of life in rural areas.

¹⁹ 1) Improving the technological and market infrastructure of commercial agricultural holdings and food processing industry aimed at increased added value of agri-food products and achieved compliance with EU quality, health, food safety and environmental standards

2) Improved quality of life of the rural population, increased income and creation of new employment opportunities

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).

In Slovenia the Monitoring Committee played the role of the supervisory body of Managing Authority. SAPARD Agency of financial support, in Slovenia was developed from an already existing organisation, with national coverage of the programme. The Ministry of Finance carried out the tasks of the Competent Authority, while the National Authorizing Officer was its supervisory institution. The Certifying Body was the Budget Supervision Office within the Ministry of Finance. The administrative procedures in Slovenian programme were essentially paper based; with no IT support. The implementation of IPARD in Macedonia is realised through Rural Development Department of Agriculture Ministry, acting as Secretariat, in collaboration with IPARD Sectoral Monitoring Committee and the Agency for financial support of Agriculture and Rural Development (IPARD Agency). IPARD Agency needs to increase its capacities and the training of the permanent employees, due to the fact of the overload, which at the same time is preparing for accreditation of new measures and works on implementing the national programmes for financial support. The same problem is faced for the Technical Bodies which have lack of staff for performing the operating activities, thus for servicing the potential users of the IPARD Programme. Communication with the EU Commission on financial matters is carried out through the National Fund (Ministry of Finance) and on programming matters through the IPA Monitoring Committee and National IPA Coordinator (EC, 2010; MAFWE, 2007; MAFF, 2000).

4. DATA USED AND METHODOLOGY

4.1 A preliminary short description of the common analytical methods used for impact evaluation of policies

In this section, we will briefly describe the possible methodologies used for the evaluation of impact policies before describing the methodology which we actually used for the conduction of our analysis. This short description of the common analytical methods is essential to understand the reasons for the choice of the methodology adopted here.

Impact evaluation is an identification process of the anticipated or actual impact of the development intervention, actions or projects of application of regional or Community policies, on social, economic and environmental factors, which the intervention is designed to affect or may inadvertently affect (Weisbrod, 1997). It may take place: before approval of an intervention (ex-ante) to carry out the purpose of producing a judgment a priori (Todd; Wolpin, 2006); during the implementation of the interventions, analyzing the first results obtained allowing adjustments during the cycle (World Bank, 2004); and after completion of intervention (ex post) (Lippi, 2007).

4.1.1 Quantitative and qualitative methods for impact evaluation

Quantitative statistical methods involve baseline studies, target setting, rigorous evaluation of the performance and outcome measurement. Such methods can be costly, limited in the types of impacts which can be accurately measured, and may pose difficulties for inference of cause and effect. Common statistical methods which are used on evaluation process are described below:

- 1) **SWOT analysis** is a strategic planned method used to evaluate the Strengths, Weaknesses/Limitations, Opportunities, and Threats involved in a project or in a business venture, territory, network, politics, product development logistic etc. (Kotler, 2002). During the 1960s research conducted at the Stanford Research Institute by Robert Stewart, Albert Humphrey and coworkers eventually led to the development of the SWOT analysis tool (Manoharan, 2008).

- 2) **Cost - Benefit Analysis (CBA)** is a systematic process for calculating and comparing benefits and costs of a project, decision or government policy. One of the purposes of CBA is to provide basis for comparing projects. It involves the comparing of the total expected cost of each option against the total expected benefits, to see whether the benefits outweigh the costs, and by how much (Guess; Farnham, 2000). European Commission use cost-benefit analysis to provide support for informed judgment and decision making concerning the investment projects under the Cohesion Policy (EC, 2008).
- 3) **Input-Output technique** is an important quantitative economic technique that shows the interdependencies between the various branches of a national economy and even between the various branches of different, possibly competing economies (Thijs, 2009). An example of use of I-O analysis is the methodology used by Bonfiglio and Chelli (2004) to evaluate the sensitivity of the policy impact to the use of different methods of regionalization.
- 4) **The appraisal of the level of specialization** is a commonly used method in the foreign trade studies, as the indices are relevant for the assessment of competitiveness of certain products, or economic sectors, in relation to the structure and evolution of commercial flows. It can be used to analyze the external competitiveness of a country or sector (Latruffe, 2010; Zaghini, 2003). An example of the use of this methodology is the assessments of Romania's competitiveness in external agri-food trade, experienced in the pre-and post-EU accession period (Rusali, 2012).

Qualitative methods are suitable for investigating more complex and/or sensitive types of social impacts, e.g. intra-household processes, policy issues and the analyses of reasons for statistical relationships and policy implications. Fast, low-cost methods or so called rapid assessment methods (e.g. Key informant interviews, Focus group, Community interviews and Mini-surveys) allow the collection of opinions and reactions of beneficiaries of development projects, able to respond to information needs for the purpose of the research (Manitiu, 2008).

4.1.2 Examples of approaches used for the impact evaluation of the pre-accession programmes of the EU

- 1. Common Evaluation Questions** focus on the effectiveness of the programmes, but also investigate other key aspects of evaluation where this is appropriate and feasible at EU-level (EC, 2000). An example of use of factual synthesis of (CEQ-s) is for the evaluation of the SAPARD programme in eight countries of Eastern-Central Europe after the implementation of the programme. (EC, 2010).
- 2. Cluster analysis** is a class of statistical techniques that can be applied to data that exhibit “natural” groupings. Cluster analysis sorts through the raw data and groups them into clusters. A cluster is a group of relatively homogeneous cases or observations. Objects in a cluster are similar to each other. They are also dissimilar to objects outside the cluster, particularly objects in other clusters (Sheppard, 1996). An example of use of cluster analysis is for the impact evaluation of the ex post EU policy intervention concerning the pre-accession instruments (SAPARD, EAFRD and IPARD programme) (Konya, 2012).
- 3. The hierarchy of objectives and indicators**

The progress, efficiency and effectiveness of rural development programmes in relation to their objectives is measured by means of indicators related to the baseline situation as well as to the financial execution, outputs, results and impact of the programmes. Indicators are used as tools to assess how far the expected objectives have been achieved by measures or whole programme (EC, 2006).

 - a) **Input indicators** refer to the budget or other resources allocated at each level of the assistance. Financial input indicators are used to monitor progress in terms of the (annual) commitment and payment of the funds available for any operation, measure or programme in relation to its eligible costs.

- b) **Output indicators** measure activities directly realised within programmes. These activities are the first step towards realising the operational objectives of the intervention and are measured in physical or monetary units.
- c) **Result indicators** measure the direct and immediate effects of the intervention. They provide information on changes (e.g. the behavior, capacity or performance of direct beneficiaries) and are measured in physical or monetary terms.
- d) **Impact indicators** refer to the benefits of the programme beyond the immediate effects on its direct beneficiaries both at the level of the intervention but also more generally in the programme area. They are linked to the wider objectives of the programme. They are normally expressed in “net” terms, which means subtracting effects that cannot be attributed to the intervention (e.g. double counting, deadweight), and taking into account indirect effects (displacement and multipliers).
- e) **Baseline indicators** are divided into two categories:
 - **Objective related baseline indicators** are used to develop the SWOT analysis in relation to objectives identified in the regulation.
 - **Context related baseline indicators** provide information on relevant aspects of the general contextual trends that can have an influence on the performance of the programme.

These indicators are commonly used in the evaluation process for all the programme and policies designed by EU for the MS and candidate countries.

4. Regional disparity analysis

Regional disparities are the deviations from any conceptual reference division of characters taken as relevant and are manifested in different conditions of life as well as in unequal economic and development potential. Contrast between city and rural area can be also understood as a form of spatial disparity (Vorauer, 2007).

An example is the regional distribution among western and southern regions of Slovakia of the completed projects and financial resources under the individual measures for agriculture and processing industry of the SAPARD programme. The work is based on the secondary analysis of statistical data structured in horizontal and vertical spatial aggregation, at the level of NUTS III and/or NUTS IV. The basis of the working methodology used the approaches of the regionally differentiated analysis for distribution of the number of completed projects and the regionally structured (on the level of NUTS III and NUTS IV) financial allocation of completed projects under the SAPARD programme (Buchta, 2005).

4.2 The dataset used

During the research we faced difficulties on procurement of the available data for the conduction of the analysis proposed. This was due essentially to the fact that selected countries did not develop an adequate system for detailed statistical recording. For the conduction of our research we therefore relied on the collection of secondary data from different sources and we were forced to make appropriate assumptions in order to fill data gaps. The collection was performed following these steps:

1) European Union documentation

During the internship at European Commission (DG Agriculture and Rural Development) several Commission regulations, decisions, annual evaluation reports, and ex-post evaluation reports concerning SAPARD and IPARD have been available. They represent the basis for the start of the research work. Additional documents have been available through the official EU website.

2) Documentation from selected countries

National officers in charge of SAPARD (in Slovenia) and IPARD (in Macedonia) made possible the access to the mid-term and ex-post evaluation reports of SAPARD and the annual reports and the monitoring system of IPARD. Additional data sources were Agricultural Institute of Slovenia-Agriculture Economics Department; GIZ-Project of Regional Economic Development Macedonia.

3) Collection of data by using official statistical websites

Another source for macroeconomic, demographic and social data were OECD, EUROSTAT, UNDATA and FAOSTAT together with the Statistical Office websites of Slovenia and Macedonia.

4.3 The methodology used for the conduction of the research

For the comparison of the effectiveness of the two pre-accession instruments (SAPARD and IPARD) and in order to answer the research questions posted, we conducted an ex-post temporal evaluation of policy impact, i.e. we compared the situation with/without programme. Taking into consideration the approach of the appropriate comparison between CEE and Western Balkan countries²⁰(GHK, 2011), we compared SAPARD and IPARD by taking as a case study two countries that have implemented those programmes and which have been identified as explained below.

4.3.1 The selected countries and the reasons of selection

Concerning the SAPARD we selected the case of Slovenia, as it was one of the countries which showed the ability to successfully implement the programme. For IPARD that is still running in current candidate countries we selected the case of Macedonia, as one of the lead countries and is more advanced in the implementation process. The reasons that make possible the comparison of these two countries are

²⁰ The new MS of European Union, especially the last accession group of countries (10 former countries of CEE) provide an appropriate comparison with the current candidate and potential candidate countries. The reasons of comparison are as follows:

- All MS of CEE were much poorer than the EU average when they joined (especially Romania and Bulgaria); as are most of the candidate countries and potential candidates today;
- All MS of CEE are ex-socialist countries like the beneficiaries of the Western Balkans (Turkey was not) with all its implications for political and economic structures.
- Many of them were not independent before the 1990's and had to newly establish or considerably strengthen their public administrations (e.g. Baltic States, Slovenia, and Slovakia).

related to the macro-economic situation and some historical facts which show the similarities of both countries.

a) Macro-economic indicators:

By going through the macro-economic situation of both countries, we found some similar demographic and economic conditions as shown in table 4.1.

Table 4.1 “Similar macro-economic data of Slovenia and Macedonia²¹”

Indicators	Countries	
	Macedonia	Slovenia
Total Population (n. people)	2.063.893	2.049.261
Rural population (% of total population)	43	49
Average of real GDP growth rate (%)	4	2
Average of GVA of Industry(% of GDP)	32	37
Average of the income from agricultural activity (Index: 2005=100)	102	108

Data source: The World Bank, 2013; Eurostat, 2013; Doing Business, 2013

b) Slovenia and Macedonia were part of Ex- Yugoslavia, which means that under the same regime those countries have the same political and institutional structure.

4.3.2 Analytical steps of the research

The methodology is based on three steps:

1. Implementation analysis of SAPARD and IPARD in Slovenia and Macedonia
2. Regional disparity analysis
3. Impact analysis (factual and counterfactual analysis at regional level)

²¹ For the calculation of the three economic indicators (average of real GDP growth, average of GVA of Industry, average of the income from the agricultural activity) we took in consideration the data from the period 2001-2011, including the specific periods of both programmes.

Selected period

For the conduction of our analysis we selected the appropriate period, the mid-period of the implementation (starting from the first year of the implementation) of both programmes. In Slovenia the mid-period of the implementation of programme is 2001-2003, while in Macedonia is 2009-2011. In order to provide a clear framework of the impact, we choose this period for the fact that coincides with the running of the implementation of IPARD in Macedonia. Originally, the selected period was designed for the three analytical steps of our research. However, due to the scarcity of the results of the counterfactual analysis, for Slovenia the whole period 2000 – 2006 of SAPARD implementation has been selected.

Before going through the analytical steps of the methodology, we need to emphasize that for the comparison of the analysis results, we had calculated some indicators (ad-hoc) as presented at the table 4.2²².

²² For the calculation of the % implemented measures, we used the total number of designed measure and the number of measures implemented from both programme during the selected period.

For the calculation of the % approved fund within the measure “Processing Investment” we used the total approved budget and the approved budget for “Processing Investment” measure for both programme.

For the calculation of the total % rejected projects, we used the number of the rejected projects and the number of submitted projects. For the calculation of the % of the rejected projects for each measure, we used the number of the rejected projects and the number of the submitted projects per each measure.

For the calculation of the total % approved projects, we used the number of the approved projects and the number of submitted projects. For the calculation of the % of the approved projects for each measure, we used the number of the approved projects and the number of the submitted projects per each measure.

For the calculation of the % of the programmes fund we used the allocated budget for each programme and the total allocated budget for the pre-accession instruments during the selected period.

Table 4.2 “Ad hoc data for the comparison of the analysis results”

Countries	Slovenia	Macedonia
Indicators	2001-2003	2009-2011
Implemented measures (% of all measures)	27	33
Programme approved fund for “Investment processing “measure (% of total approved fund)	61	65
Total rejected projects (% of all submitted projects)	40	54
Rejected projects for “Investment in agricultural holdings” measure (% of submitted projects for agricultural holdings)	40	47
Rejected projects for “Processing Investment “measure (% of submitted projects for processing investment)	37	53
Rejected projects for “Diversification” measure (% of submitted projects for diversification)	41	69
Approved projects (% of all submitted projects)	60	27
Approved projects for Investment in agricultural holdings” measure (% of submitted projects for agricultural holdings)	60	33
Approved projects for “Processing Investment” measure (% of submitted projects for processing investment)	63	37
Approved projects for “Diversification” measure (% of submitted projects for processing investment)	59	8
Programme fund (% of all fund allocated for pre-accession programmes)	17	10

Data source: MAFF, 2000; MAFWE, 2007; EC, 2008

1. Implementation analysis of SAPARD and IPARD in Slovenia and Macedonia

In order to answer the questions related to the first objective of the thesis, on analyzing the performance of the implementation process, we selected and calculated the same appropriate indicators within the programmes as explained below:

a) Timeline of implementation

For the calculation of the timeline of the start of the implementation of the both programmes we analyze the period (months) from the time of the approval of each plan, till the moment of the accreditation of the first measures, as a main condition for the start of the implementation process.

b) Implemented measures

By checking the monitoring system of IPARD in Macedonia and the official reports of the evaluation of SAPARD in Slovenia, we selected the same measure that was implemented during the respective selected period in Slovenia and Macedonia.

c) Number of projects

By checking the official annual reports and the monitoring system of Macedonian programme and the official reports of the evaluation of Slovenian programme, we calculated the number of projects that were approved and completed during the respective selected period in Slovenia and Macedonia.

d) Financial support

By checking the official annual reports and the monitoring system of IPARD and the official reports²³ of the evaluation of SAPARD, we calculated the allocated budget per measure during the respective selected period in Slovenia and Macedonia.

e) Agricultural holdings²⁴ supported by the program

By checking the official annual reports and the monitoring system of IPARD and the official reports of the evaluation of SAPARD, we calculated the share of the agricultural holdings supported by the programmes and the financial support per

²³ For the calculation of the allocated budget per measure during the period 2001-2003 under the Slovenian programme, we used the number of the approved and completed projects per measure in 2001-2003 and the average of the programme amount per measure in the end of the programme.

²⁴ The project word refers to agricultural holdings for both programmes.

agricultural holdings during the respective selected periods in Slovenia and Macedonia²⁵.

2. Regional disparity analysis

Based on regional disparities within the countries, we created a regional distribution of the approved-completed projects and the financial support of both programmes, by using the adapted technique of the analysis conducted by Buchta (2005), which made a regional distribution of the completed projects and financial resources under the individual measures for agriculture and processing industry of the SAPARD in Slovakia. The base of the working methodology was the use of the approach of the creation of regional aggregation groups, based on the calculation of the Median²⁶ (M_e) for the economic and social index of Slovenia²⁷ and Macedonia regions, which take into consideration the regional disparities of the countries²⁸.

By the calculation of the M_e of the economic and social index for both countries, which separate the higher half of the regions from the lower half, we created a regional

²⁵ For the calculation of the share of the agricultural holdings supported by the programmes, we used the number of agricultural holdings supported by the programmes during their respective periods of implementation and the total number of existent agricultural holdings in Slovenia and Macedonia.

²⁶ In statistics and probability theory, the median is the numerical value separating the higher half of a data sample, a population, or a probability distribution, from the lower half. The median of a finite list of numbers can be found by arranging all the observations from lowest value to highest value and picking the middle on. If there is an even number of observations, then there is no single middle value; the median is then usually defined to be the mean of the two middle values.

²⁷ For the calculation of the hypothetical economic and social index of Slovenia, based on the technique used from Macedonia, we used the calculated index of GDP per capita, the budget income per capita and the employment rate (UMAR, 2006). By calculating the average of those three indexes (as results with the same measurement value) per region, we created the hypothetical economic and social index for Slovenia.

²⁸ Economic and social index of Macedonia is created by using the indicators as the gross domestic product per capita, the budget income per capita, the added value growth of the non-financial sector and the unemployment rate (Assembly of Macedonia, 2009).

distribution of the completed projects and financial support of SAPARD and IPARD programme.

3. Impact analysis

In order to answer the questions related with the second objective of the thesis on estimating the socio-economic impact of SAPARD and IPARD on the target regions of Slovenia and Macedonia, we created a hypothetical counterfactual situation at regional level. The counterfactual analysis puts on confrontation both programmes based on the comparison of the regions without programme support and the regions with programme support in Slovenia (12 regions) and Macedonia (8 regions). By using this type of comparison we removed the effect of exogenous factors as a result the net effect of the program is determined.

For the “Processing Investment” measure we based our counterfactual analysis on the changes made by the programs in term of processing investment, of modernization and improvement of the dairy establishments. The focus of the analysis is the production of cow milk.

Following indicators are used:

- a) Input indicator (financial support): The total amount of both programmes in milk processing sector in each supported region of Slovenia²⁹ and Macedonia.
- b) Output indicators: Regional distribution of the production of cows’ milk delivered to dairies and purchasers in Slovenia and Macedonia³⁰.

²⁹ The total approximately amount of the programme per region, is found by using the average of SAPARD amount per application/project in milk processing in the end of the programme and the number of projects per region. For the calculation of the number of projects per region in milk processing during the period 2001-2006 under, we approached the distribution of the projects by regions, using the share of the completed projects in the end of the programme, within milk processing industry, which is 41 % out of all projects in food processing industry (OIKOS, 2007).

³⁰ The regional distribution of the production of cows’ milk delivered to dairies and purchasers for 2006 is based on the share of dairy cows per region in 2007 and the total production of cows’ milk delivered to dairies in 2006. The share of dairy cows per region in 2007 came out from the number of dairy cows per region and the total number of dairy cows in Slovenia. The number of dairy cows per region in 2007 came out from the share of the dairy cows/all cattle per region in 2000 and the total number of cattle in Slovenia in 2007. The total number of dairy cows in Slovenia in 2007 came out from the share of the dairy cows/all cattle in 2010 and the total number of cattle in 2007.

- c) Outcome indicators: percent change in cows' milk production delivered to dairies and purchasers in all regions of Slovenia and Macedonia.

For the "Diversification" measure we based our counterfactual analysis on the changes made by the programs in term of renovation of farms spaces and construction of facilities for rural tourism activities. The focus of the analysis is the creation of farm tourism activities.

Following indicators are used

- a) Input indicator (financial support): Total amount of both programmes in rural tourism sector in each supported region of Slovenia³¹ and Macedonia.
- b) Output indicator: Number of beds created by the SAPARD³² and IPARD projects in all supported regions and the number of beds created in all the other regions without the programme support.
- c) Outcome indicator: percent change in creation of beds and percent change in tourist arrivals in all regions of Slovenia³³ and Macedonia³⁴.

³¹ The total approximately amount of the programme in each supported region, is based on the average of the SAPARD amount per application/project in each region and the number of projects per region.

³² Concerning the output indicator, we know that the creation of new beds supported by SAPARD started in 2003. As a result of lack of data for tourism during the period 2000 - 2001 and the fact that changes in beds in tourist farms accommodation at national level were not significant, we hypothesized that the number of beds in tourist farms accommodation remain constant from 2000-2002. As a result we selected as a focus year for comparison 2002 and the number of beds created from 2003-2006 in all regions of Slovenia.

³³ For the calculation of the percent change in creation of beds in all regions, we took in consideration the municipalities that were constant and the municipalities which have creation of new beds during the period 2003-2006. From the analysis are excluded the regions which had a decrease in the number of beds, which could affect negatively the result of the analysis.

³⁴ Facing difficulties on finding the data for rural tourism type of accommodation in regions, we based our calculation using the share of the types of accommodation which include rural tourism in 2008 and 2011. The percent change in beds and tourist arrivals was given by the total number of beds and tourist arrivals from all types of accommodation and the regional share of types of accommodation which include rural tourism.

5. RESULTS

5.1 Results of the implementation analysis of SAPARD and IPARD in Slovenia and Macedonia

The indicators which analyze the performance and the effect of the implementation process of SAPARD and IPARD in Slovenia and Macedonia are:

- a) Timeline of programmes
- b) Implemented measures and financial support
- c) Agricultural holdings supported by the programmes

a) Timeline of programme implementation

SAPARD and IPARD in Slovenia and Macedonia had a delay on the accreditation of the first measures, which is the main condition for the start of the implementation of the programme. This should be put in relation with the difficulties faced at country level in setting up in time the administrative system of the programmes. In Macedonia this delay influenced negatively on the performance of the implementation process due to the low number of approved and completed projects. In Macedonia the accreditation of the first measures required more time (15 months) than in Slovenia. By taking into consideration the initial implementation date for both programmes and countries, we set up our period of analysis as explained in table 5.1.

Table 5.1 “Timeline of programmes implementation”

Countries	Accreditation of measures (months)	Selected period of analysis (months)
Slovenia (*)	11	18
Macedonia (**)	15	23

Data source: *EC, 2010; ** MAFWE, 2012

b) Implemented measures and financial support of SAPARD and IPARD in Slovenia and Macedonia

Both countries programme had implemented a third of all measures designed by European Commission (table 4.2; respectively 27% and 33% of all measures). In fact,

among 15 measures designed for SAPARD, Slovenia planned and implemented only 4 (Investment in agricultural holdings, Processing Investment, Diversification and Rural Infrastructure) during the mid-period of the programme implementation. The same situation is seen in Macedonia in which out of 9 measures designed for IPARD, only three were implemented (Investment in agricultural holdings, Processing Investment, Diversification).

Table 5.2 “Implemented measures and financial support of SAPARD and IPARD”

Indicators	Slovenia		Macedonia	
	2001-2003		2009 - 2011	
	Total (€/000)	Per project (€/000)	Total (€/000)	Per project (€/000)
Investment in agricultural holdings	1.439,40	96	362,9	15,1
Processing Investment	1.627,40	135,6	984,7	98,5
Diversification	431,4	13,1	351,8	44
Total	3.498,30	244,7	1.699,40	157,6

Data source: MAFF, 2004; MAFWE, 2011; IPARD Monitoring System, 2011

The allocated budget in Slovenia was two fold higher than in Macedonia. This situation occurred due to the fact that the allocated fund for SAPARD (table 4.2; 17% of budget for pre-accession instruments) was higher than the one for IPARD (table 4.2; 10% of IPA budget). This situation occurred even due to the fact that Slovenia has approved and completed more projects (58) than Macedonia (42). From the point of view of IPARD Managing Authority the rejection of the projects (54% of the submitted application) was due to the failure of meeting certain criteria under the IPARD (minimum and maximum production capacity, age of the manager of the legal entity, the definition of potential beneficiaries). But, from the point of view of the potential applicants, the preparation of the projects was a time-consuming process due to the weak function of IPARD administrative structure (lack of quality advisory services to support applicants in preparation for application package, high demanded cost of consultants for preparing the application) and the highest requirement criteria for application (MAFWE, 2012).

The highest proportion of total funds, for both programmes, is allocated on the improvement of production and marketing structures of processing sector, due to the priority given to this sector (table 4.2; respectively 65% and 61% out of total programme approved budget for the selected period) as the highest requirement sector for improvement (MAFWE, 2012).

c) Agricultural holdings supported by the programme

Both SAPARD and IPARD supported a very small number of farms (0.1 %). However, the financial support granted to each holding in Slovenia was higher than in Macedonia. This can be related with the different type of investment funded (on average, investments in Slovenia are more capital intensive than those in Macedonia, in line with the higher access to technology of Slovenian farmers). In Macedonia this effect can be regarded even as an inappropriate identification of the priority areas in their Rural Development Plan, given that a few number of the target agricultural holdings was approved and supported by the programme (25% of all the target agricultural holdings).

Table 5.3 “Agricultural holdings supported by the programmes in Slovenia and Macedonia”

Indicators	Slovenia	Macedonia
	2001-2003	2009-2011
Agricultural holdings supported by the program (No.)	48	24
Share of agricultural holdings supported by the program (% of all agricultural holdings)	0,1	0,1
Financial support per agricultural holdings (€/000)	30	15,1

Data source: MAFF, 2004; SI-STAT, 2013; OIKOS, 2007; IPARD monitoring system, 2011; State Statistical Office of Macedonia, 2007

In Slovenia almost all regions (except Spodnjeposavska and Zasavska) have received the support of SAPARD for agricultural holdings. The regions with the highest support are Obalino-kraska (0, 33 %) and Goriska (0, 16%) (Fig.5.1). In Macedonia less

than half regions have not received IPARD support on agricultural holdings (see Fig.5.2).

Fig.5.1 “Agricultural holdings supported by SAPARD programme in Slovenia”

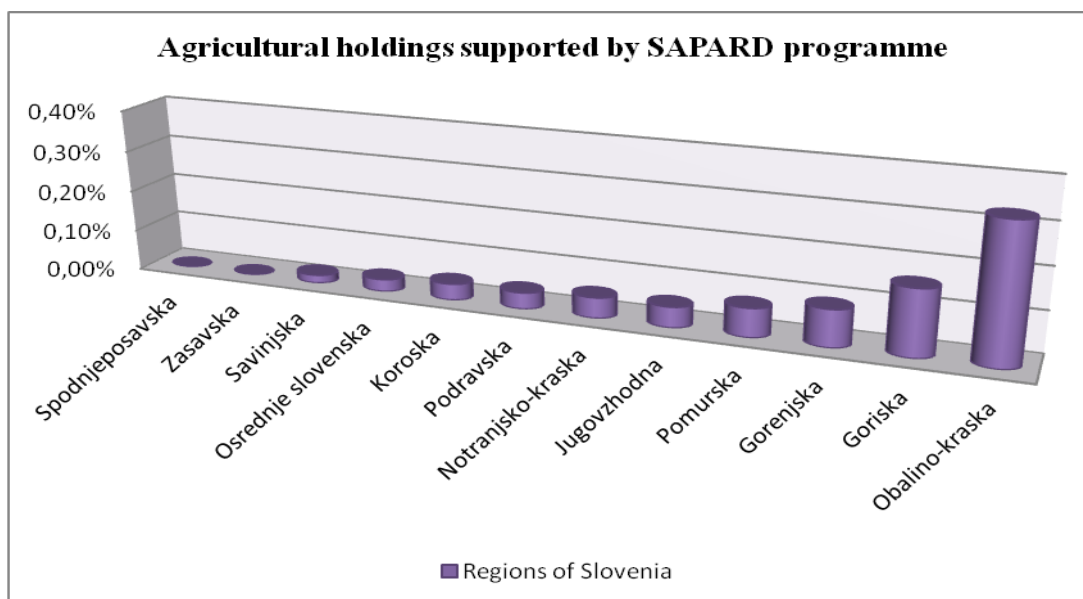
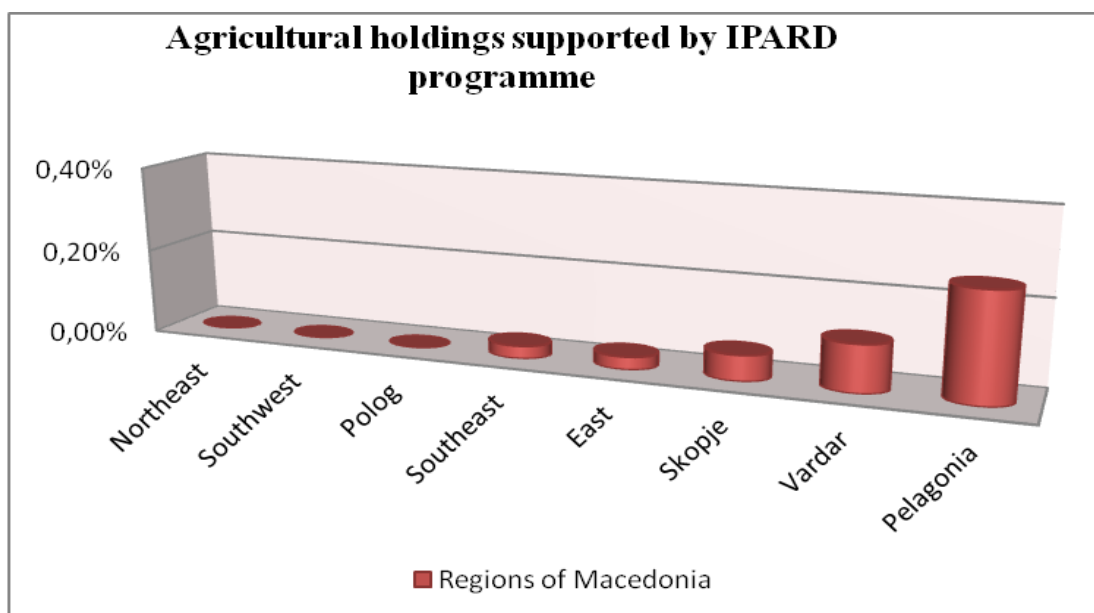


Fig.5.2 “Agricultural holdings supported by IPARD programme in Macedonia”



5.2 The results of regional disparity analysis

The regional aggregation analysis for the approved projects and financial contribution under the SAPARD and IPARD shows a spatial shift towards less developed regions in Slovenia while the opposite happened in Macedonia. Slovenia programme has implemented more projects (52%) in less developed regions; as a result even the financial contribution was almost two folds higher than in developed regions. In Macedonia we can see (table 5.4) an opposite situation, a higher number of projects (79) were implemented in more developed regions, and as a result the financial contribution is more than three fold higher compared to less developed regions. In this context we can say that SAPARD helped to reduce regional disparities by funding the economically less favored areas of Slovenia. On the contrary, since IPARD benefited the most favored areas of Macedonia, it has not contributed to reduce the economic differences at sub-national level. This situation can be related to the weakness of the administrative system of IPARD in less developed regions; and to the fact that the cost and the highest requirements behind the application process may have been unaffordable for farmers in those regions.

Table 5.4 “Regional aggregation for the approved projects and financial contribution of SAPARD and IPARD programme in Slovenia and Macedonia”

Indicators	Slovenia		Macedonia	
	Less developed regions	More developed regions	Less developed regions	More developed regions
	2001-2003		2009-2011	
Approved projects (No.)	30	28	9	33
Share of approved projects (% of all approved projects in the regions)	52	48	21	79
Financial contribution (€/000)	5.143	3.742	234	1.465
Share of financial contribution (% of total financial contribution in the regions)	58	42	14	86

Data source: MAFF, 2004; MAFWE, 2012; IPARD Monitoring System, 2011

The regional distribution of SAPARD investments (Fig.5.3) presented a higher allocation of budget in less developed regions of Slovenia (Pomurska; Podravska), while in Macedonia (Fig.5.4) under the developed regions (Pelagoni; East; Skopje).

Fig.5.3 “Regional distribution of financial support of the SAPARD programme in Slovenia”

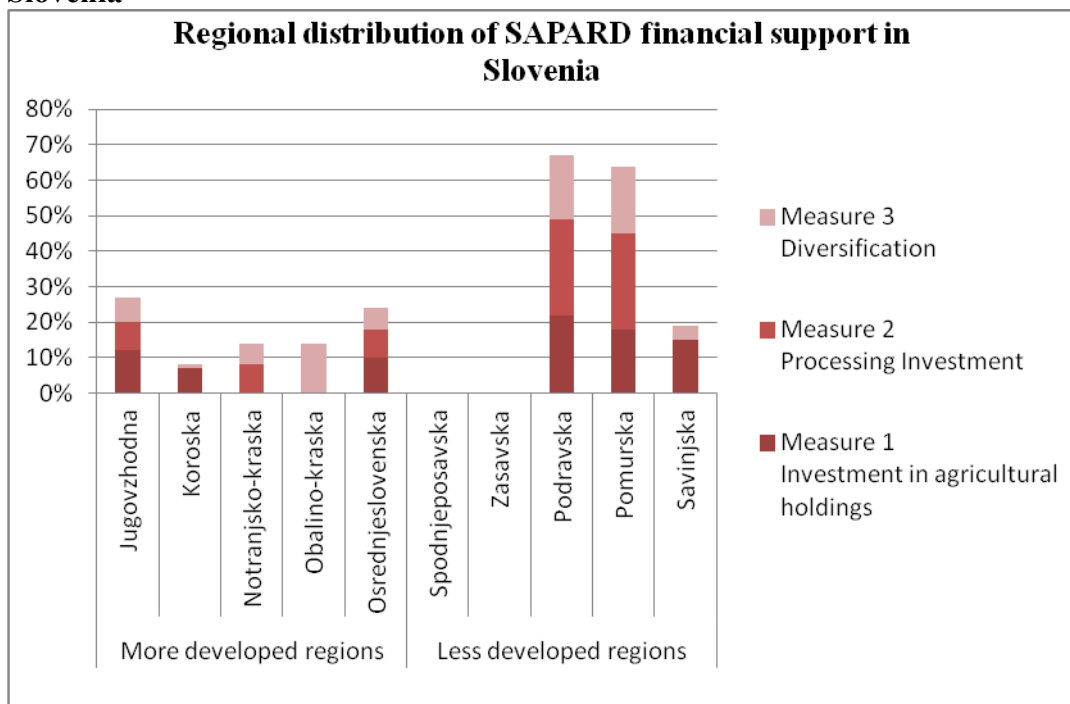
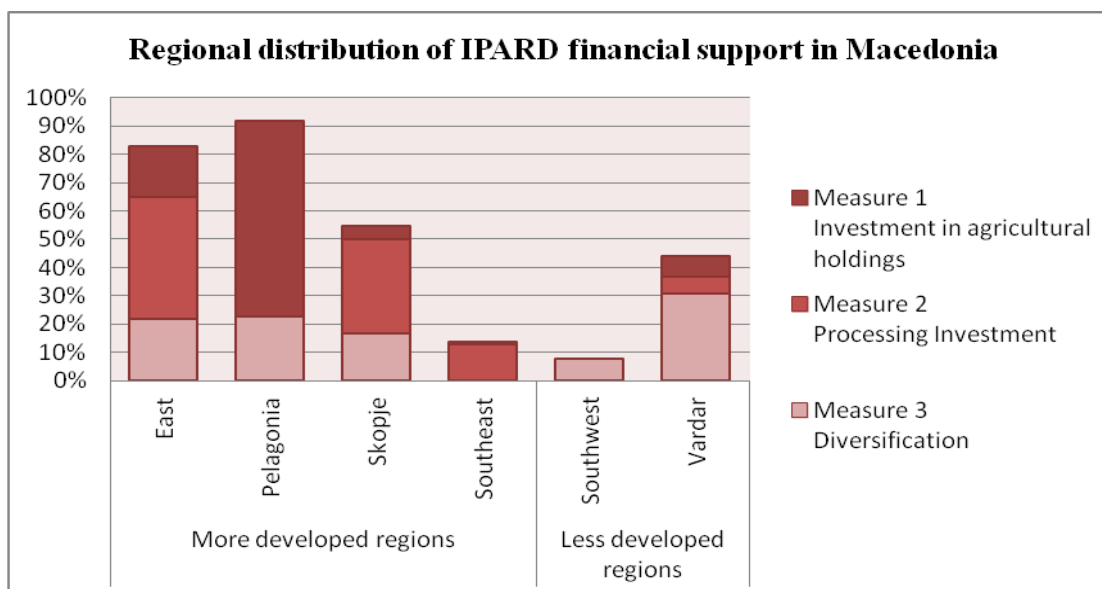


Fig. 5.4 “Regional distribution of financial support of the IPARD programme in Macedonia”



5.3 The results of the impact analysis (factual and counterfactual analysis at regional level)

The sectors which we analysed for the achievement of our second objective, the impact of SAPARD and IPARD on the target regions of Slovenia and Macedonia, are two; milk processing and rural tourism sector. The reasons behind the selection of these two sectors are to observe the impact of the programme implementation measures on improving the agricultural sector and rural economies in line with the accession requirements (especially the improvement of the processing sector capacity and the diversification of the rural areas by creating non agricultural activities).

5.3.1 The result of the counterfactual analysis on the programme impact for milk processing sector

Table 5.5 gives the results of the counterfactual analysis in milk processing sector. The first row shows the number of the processing companies supported by SAPARD and IPARD in the regions without support (baseline) and with support. Second and third rows report the financial support and the output indicator (change in milk processing production).

Table 5.5 “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
		2001-2006		2009-2011	
Processing companies (No.)		0	13	0	4
Input Indicators	Average of financial support in milk processing (€/000)	0	321,5	0	35,1
Outcome Indicators	Percent change in milk processing (%)	17	74	50	93

SI-STAT, 2013, State Statistical Office of Macedonia, 2012; 2013

Slovenian programme supported more processing companies (13) compared to Macedonia (4). 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 (see table 4.2; 53% of the submitted projects), which according to the IPARD Managing Authority failure for meeting the certain criteria under the IPARD (MAFWE, 2012).

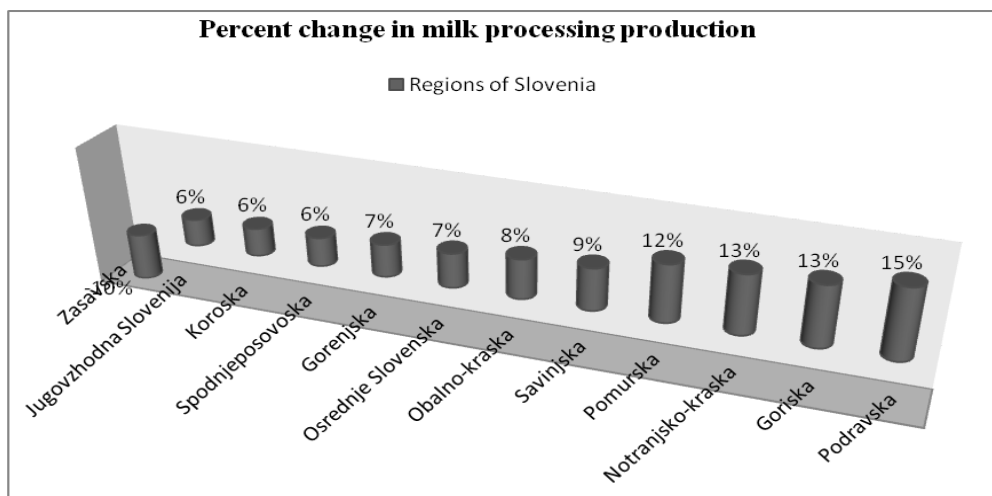
The higher level of SAPARD investment (in average 321.5 thousand EUR) in milk processing sector compared to IPARD investment (in average of 35,1 thousand EUR), can be partly related to the fact that the allocated fund for SAPARD (table 4.2; 17% of budget for pre-accession instruments) was higher than the one for IPARD (table 4.2; 10% of IPA budget). The different type of investment within the milk processing companies can contribute to explain the 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 74% and 93%) more than in the regions without support (respectively 17% and 50%) (table 5.5). It is important to mention that Macedonia achieved this impact within a short period of programme implementation.

An overview of the regional distribution of the change in milk processing production in Slovenia and Macedonia is shown at Fig.5.5 and 5.6

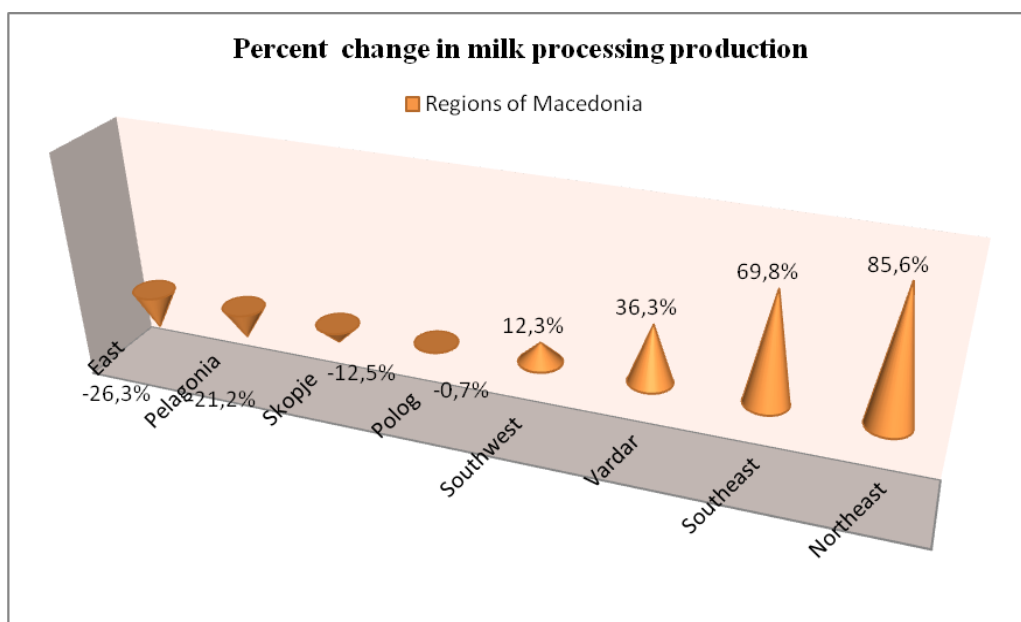
SAPARD supported regions with higher change in milk processing production are Podravska (15%), Goriska (13%), Notranjsko-kraska (13%) and Pomurska (12%). The improvement of SAPARD programme on the processing sector is seen even in the least favoured areas (Pomurska, Podravska) of Slovenia (Fig.5.5).

Fig.5.5 “Regional distribution of percent change in milk processing production in Slovenia”



IPARD supported regions with higher change in milk processing production are Southeast (69, 8%) and Vardar (36, 3%) region, while the other two supported regions Polog (-0, 7%) and Skopje (-12, 5%) have a negative impact on milk processing production. The improvement of SAPARD programme on the processing sector is more visible in the most favored areas (Southeast) of Macedonia (Fig. 5.6).

Fig.5.6 “Regional distribution of percent change in milk processing production in Macedonia”



5.3.2 The result of the counterfactual analysis on the programme impact for the diversification of rural economies

Table 5.6 gives the results of the counterfactual analysis in rural tourism sector. The first row shows the number of the agricultural holding supported by SAPARD and IPARD in the regions without support (baseline) and with support. Second and third rows report the financial support and the output indicator (average of beds at tourist farms accommodation), while the last four rows report the outcome indicators (percent change in beds and tourist arrivals and the programme amount spent per bed and tourist arrival) of the programmes concerning the rural tourism sector.

Table 5.6 “Counterfactual Analysis: Diversification of rural economies by creating rural tourism activities in Slovenia and in Macedonia”

Indicators		Slovenia		Macedonia	
		Regions without support	Regions with support	Regions without support	Regions with support
		2001-2006		2009-2011	
Agricultural Holdings (No.)		0	33	1	3
Input Indicators	Average of financial support (€/000)	0	66,1	0	45,2
Output indicators	Average of beds at tourist farms accommodation (% of all beds)	0	24	0	83
Outcome Indicators	Percent change in tourist arrival at tourist farms accommodation (%)	0	50	-318	-97
	Percent change in beds at tourist farms accommodation (%)	0	216	-30	31
	Amount of support spent per bed (EUR)	0	200	0	542
	Amount of support spent per tourist arrival (EUR)	0	28	0	7

SI-STAT, 2013, 2004; State Statistical Office of Macedonia, 2010, 2009, 2007-2011

Slovenian programme supported more agricultural holdings (33) for the creation of rural tourism activities compared with Macedonia programme (3). The difference in

number of agricultural holdings supported can be related to the selected period of the implementation, which for Slovenia is longer than in Macedonia. Second, the higher number of approved projects (table 4.2; 56% out of all submitted projects), show an higher interest of the applicants due to the development of this sector as a long tradition and the expansion of various forms of agri-tourism (farm tourism, holidays in nature and eco-tourism, climbing and riding, adventure sport and health tourism, hunting and angling, educational travel, arts and heritage tourism) in the last 25 years (Verbole, 1997). And third, with the higher number of rejected projects (table 4.2; 69% of the submitted projects).

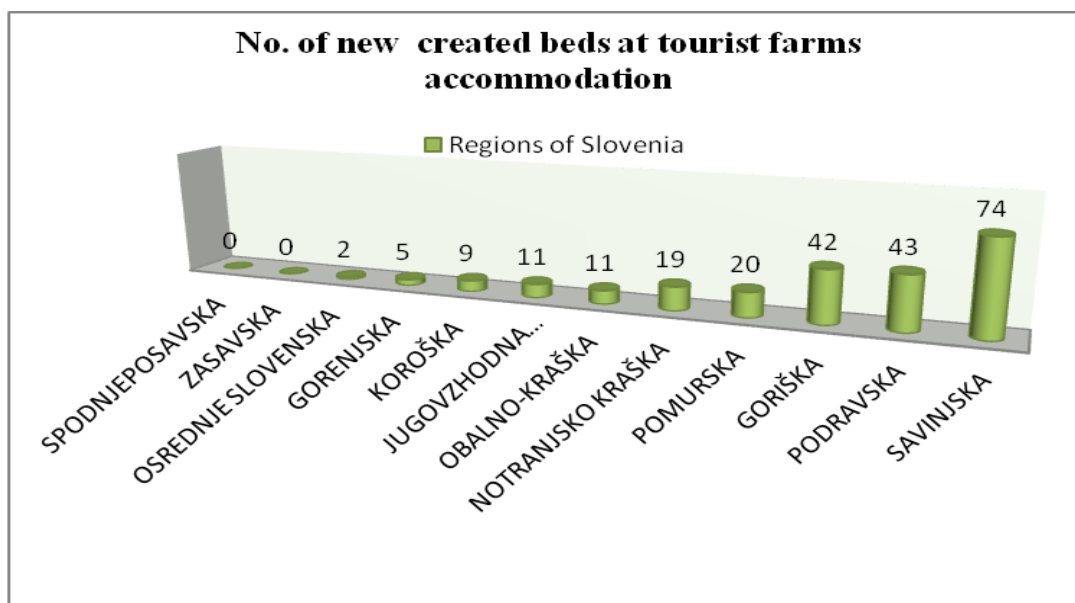
The indicator “new beds at tourist farms accommodation” in Macedonia showed higher results (83) compared to Slovenia (24) for the fact that includes a small percentage of beds from other type of accommodation. The calculation of the rural tourism indicators in Macedonia was realized by grouping the type of accommodations which include tourist farm, in absence of the tourist farm accommodation apart.

The outcome indicators (percent change in beds and tourist arrivals at tourist farms accommodation) show an impact of SAPARD on the diversification of rural economy in Slovenia. The increased fourfold of number of beds at tourist farms means an increase of the number of tourists which visited Slovenia during the selected period (50 %). The increase in the number of tourist means generation of the income on farms, as an alternative income on the agriculture activities of rural areas. As a result, it is plausible to expect a positive impact on the rise of the quality of life in the rural areas supported by the programme. The higher impact on the diversification of rural economy in Slovenia is a proof of the successfulness of the implementation of the SAPARD diversification measure.

Macedonia had a low impact on the implementation of the diversification measure, since the creation of a new beds is decreased (30%) and the number of tourist arrivals has suffer a deep decline (-318%). This fact can be related to the implementation selected period analysed, the low number of approved projects (8 % out of all submitted projects), the underdeveloped sector and the unfavoured situation (low

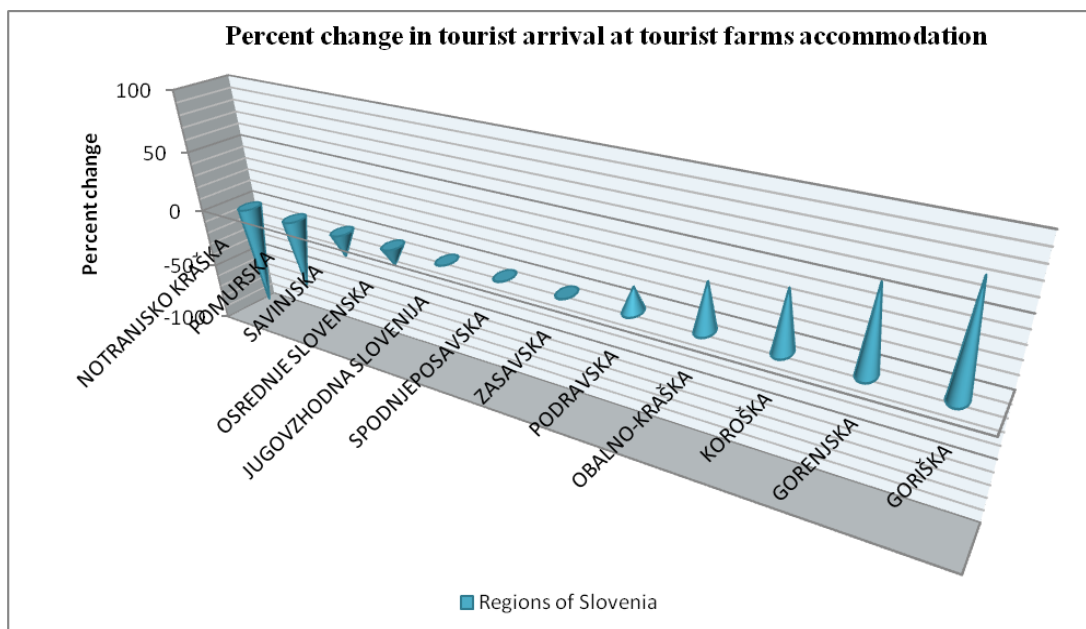
living standard of a great part of the population, the conflicts in the region) of the tourism in Macedonia ((MAFWE, 2012).

Fig.5.7 “Regional distribution of number of new beds at tourist farm accommodation in Slovenia”



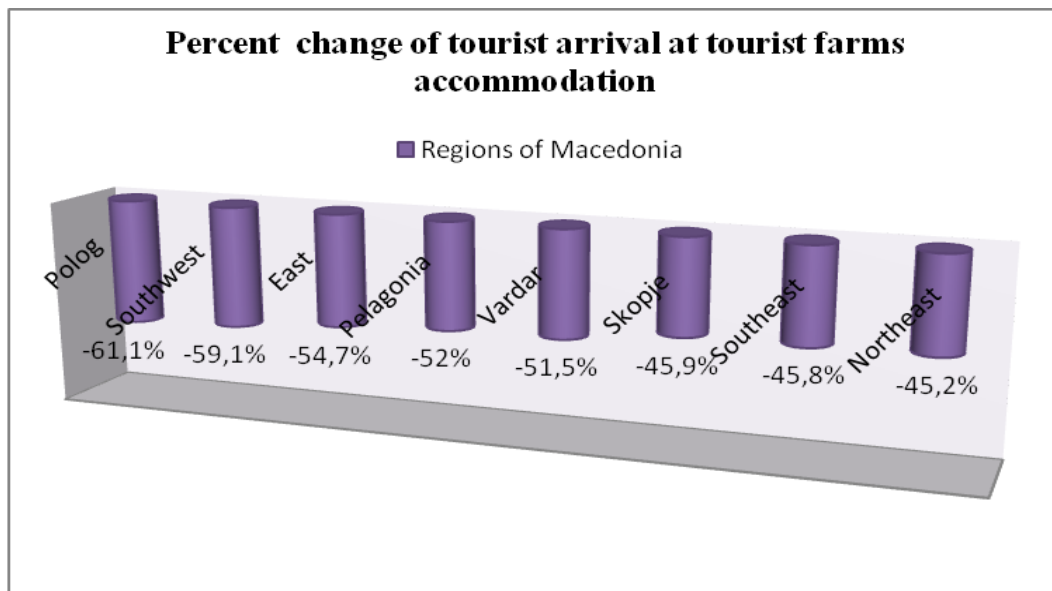
SAPARD supported almost all the regions of Slovenia (except Spodnje Posavska and Zasavska) on the creation of rural tourism facilities. The regions with higher creation of beds are Savinjska (74), Podravska (43), Goriska (42) and Pomurska (20). The majority of these regions are less developed ones (Fig. 5.7). As a result we can confirm that SAPARD programme helped to reduce regional disparities by funding the economically less favored areas of the country.

Fig.5.8 “Regional distribution of percent change in tourist arrivals at farms accommodation in Slovenia”



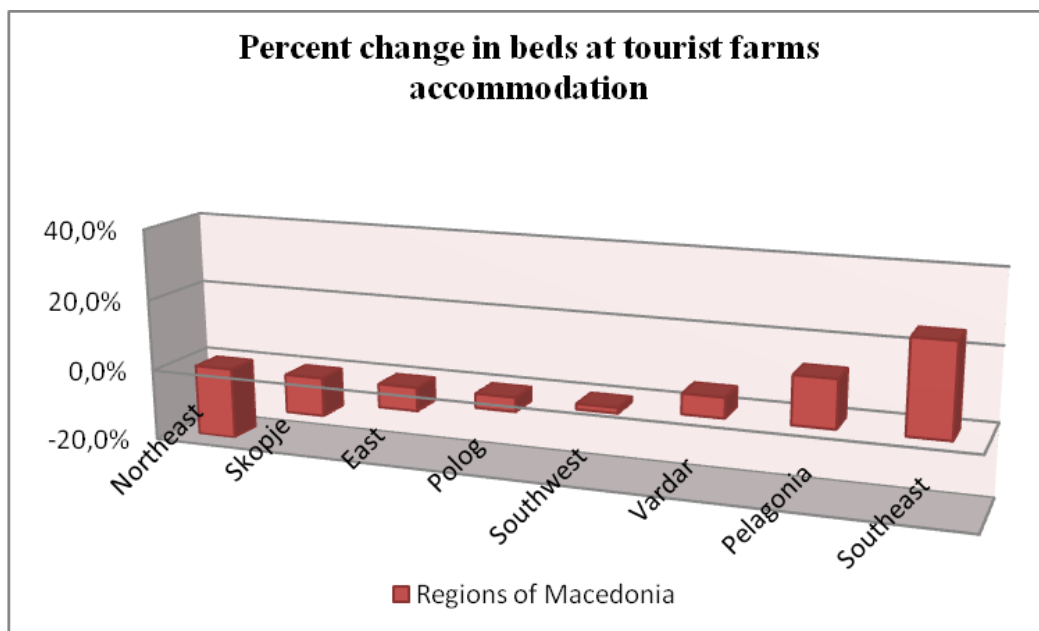
But if we look at the outcome, we can conclude that this support didn't affect positively the less developed regions, since the level of tourist arrivals at farms accommodation decreased (Notranjsko kraska, Pomurska, Savinjska, Osrednjeslovenska) or only slightly increased (Podravska) compared to more developed regions (Goriska, Gorenjska, Koroska, Obalino-kraska) in Slovenia (Fig.5.8).

Fig.5.9 “Regional distribution of percent change in tourist arrival at tourist farm accommodation in Macedonia”



All the regions (without/with programme support) of Macedonia, have shown a decrease in the tourist arrivals, but the supported regions had a much lower (31%) decrease compared to the regions without support (Fig. 5.9).

Fig.5.10 “Regional distribution of percent change in beds at tourist farm accommodation in Macedonia”



The regions with the highest increase in creation of new beds are Southeast (22%) and Pelagonia (10%), which are developed regions (Fig.5.10). As a result, we can reconfirm that IPARD programme didn't help in reducing the regional disparities, since it had funded the most favoured areas of Macedonia.

6. CONCLUSIONS

Our analysis has shown that both Slovenia and Macedonia faced difficulties on setting up in due time the administrative system of SAPARD and IPARD programmes. As a result, the implementation process was delayed with negative effects on the performance of the programmes which show a limited implemented of all measures designed. This is in line with what has happened in other countries involved in the pre-accession process and is largely influenced on one side by the lengthy administrative process and, on the other side, by the delays of the European Commission in the finalisation of the detailed guidelines for programme implementation. IPA Implementing Regulation, the base for all national activities of beneficiary countries as concerns the programming activities, has been adopted by the Commission only in June 2007, with the consequence that beneficiary countries had to prepare their programme structures on the basis of unofficial documents and had to make frequent changes.

Both countries approved and completed only a few projects. This effect is probably due to the high rate of bureaucracy associated with project preparation (extremely demanding and time-consuming) and the not well-defined functioning of the submission process which ended in the rejection of a large number of applications. This is confirmed, for example, by IPARD Managing Authority, which emphasized the low quality of submitted applications, the lack of information granted from the institutions involved to the applicants and the lack of staff capacity. As a result, Slovenian and Macedonia programme reached only a few agricultural holdings.

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). However, this effect seems higher in Macedonia. In fact, the interest shown by applicants for this type of investment in Macedonia and the high quality of the applications within this sector (as identified by IPARD Managing Authority), means that Macedonia has properly identified the milk processing sector as priority area. It is important to

emphasize that this impact is achieved only after a short period of implementation and with reference to a small number of completed projects.

SAPARD was successful in promoting the diversification of the rural economy by creating non agricultural activities, which generated alternative income for the supported farms in rural areas of Slovenia. The increased number of visitors in targeted areas can be easily seen as a consequence of the increase in number and quality of tourist farm accommodation facilities available because of programme implementation. The higher impact on the diversification of rural economy in Slovenia in relation to Macedonia is a proof of the successfulness of the implementation of the SAPARD diversification measures.

In line with one of the objectives of the programme, SAPARD was targeted towards less developed regions. This may eventually result in an expected reduction in regional disparities between less and more developed regions of the country. This did not happen in Macedonia where the low institutional and technical capacity in less developed regions have probably jeopardized the implementation in those areas.

Besides the limited results of SAPARD, the Slovenian experience is recognized as best practice among the last accessed group of countries; and Slovenia has become part of the EU. On the contrary, almost all applicant countries of Western Balkan show a delayed implementation of all IPA components, especially the IPARD programme. While Macedonia has at least partially implemented the programme, some countries (e.g. Montenegro and Serbia) have not yet started. For this group of countries the Pre-accession Instrument (IPA), especially the IPARD programme, has not been functional in supporting the candidate countries towards EU membership. It seems that the experience of SAPARD has not been taken into account by policy makers in the design of IPARD.

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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