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Policy evaluation on the basis of the Farm Accountancy Data Network

IAMO Policy Brief 29 reports on selected problems in data collection and data analysis

Halle (Saale), 28 October 2016 – The European Commission is tasked with evaluating agricultural policy measures on the effectiveness of direct payments with the aid of the data set provided by the Farm Accountancy Data Network (FADN). Whether the European Commission is able to comply with this mandate is dealt with in IAMO Policy Brief 29 by IAMO Visiting Research Fellow Ulrich Koester and researcher Jens-Peter Loy, both professors in the Department of Agricultural Economics at the Christian-Albrechts-Universität zu Kiel. To this extent, the two researchers assessed whether the choice of agricultural holdings is representative of those particular holdings that should be targeted by agricultural policy measures.

According to the preamble of the EU regulation, ‘Each measure under the CAP¹ should be subject to monitoring and evaluation in order to improve its quality and to demonstrate its achievements’². Therefore, an investigation is required to determine whether the officially-declared data set for policy evaluation, the FADN, can be used to assess the impact that direct payments of the CAP actually have on official policy objectives.

Based on their analysis, the authors conclude that the current data set of the FADN is inadequate for the evaluation of the effect of direct payments on income. There is a mismatch between farms that are included in the sample and farms that are entitled to receive direct payments. Possibly even more

¹ Common Agricultural Policy (CAP)

² Recital 68 of the Regulation (EU) Nr. 1306/2013 des Europäischen Parlaments und des Rates vom 17. Dezember 2013

importantly, the information collected, so-called farm income, does not represent farmers' actual income. Furthermore, the data are neither consistent in time nor between Member States.

The IAMO Policy Brief 29 argues that it is fundamentally impossible to evaluate alternative policy measures with the aid of only one single sample group. Furthermore, it points to considerable downfalls in the collection of data and highlights a lack of comparability of results among the different EU countries.

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Further information

IAMO Policy Brief 29 'Policy evaluation on the basis of the Farm Accountancy Data Network' is available to read and download free of charge on the IAMO webpage: www.iamo.de/en/publications/iamo-policy-briefs.

IAMO Policy Briefs

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The Leibniz Institute of Agricultural Development in Transition Economies (IAMO) analyses economic, social and political processes of change in the agricultural and food sector, and in rural areas. The geographic focus covers the enlarging EU, transition regions of Central, Eastern and South Eastern Europe, as well as Central and Eastern Asia. IAMO works to enhance the understanding of institutional, structural and technological changes. Moreover, IAMO studies the resulting impacts on the agricultural and food sector as well as the living conditions of rural populations. The outcomes of our work are used to derive and analyse strategies and options for enterprises, agricultural markets and politics. Since its founding in 1994, IAMO has been part of the Leibniz Association, a German community of independent research institutes.

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