



Use of FADN data in policy evaluation

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Agriculture
and Rural
Development



DG AGRI

Directorate L: Economic analysis, perspectives and evaluations

L.1 Agricultural policy analysis and perspectives

L.2 Economic analysis of EU agriculture

L.3 Microeconomic analysis of EU agricultural holdings

L.4 Evaluation of measures applicable to agriculture; studies



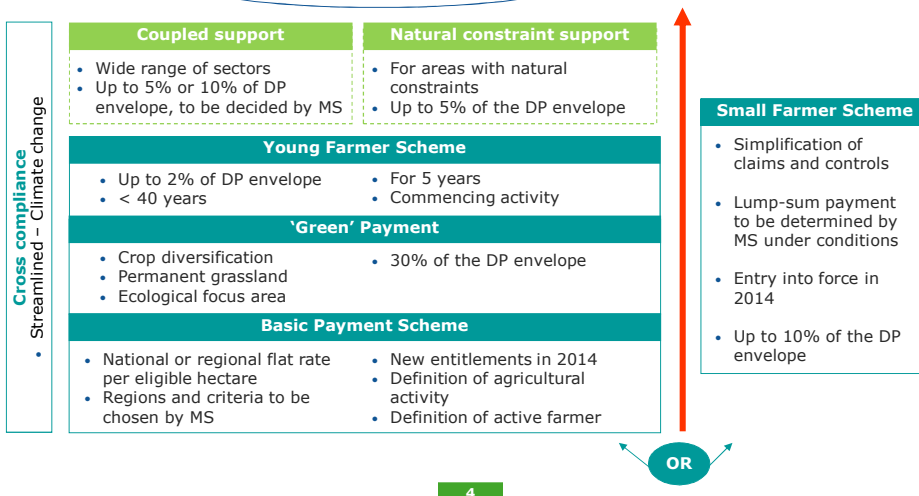
FADN

- Objectives:**
- Determination of farm income
 - Business analysis of agricultural holdings
 - **Ex-ante/ex-post assessment of policy proposals**
- Features:**
- EU wide survey
 - Annual - established in 1965 (database since 1989)
 - Representative (region x type of farming x size)
 - Sample survey (~81.000 farms per year)
 - Covering commercial farms (>90% production & area)
 - Harmonised farm accounts information
 - Collected (and transformed) by Member States
- Limitations:**
- Scope: Commercial farms
 - Not full analytical accounting data
 - Costs at farm level (not "product/enterprise" level)
 - No information on production methods
 - No information on non-farming activities
 - Time-lag (year n-2)



New design of direct payments in the EC proposal

Degressivity and Capping
(all layers except Green Payment)





Ex-ante policy assessment (1/5) - Objectives

Assessment of a quantitative impact of different scenarios/options



Identification of risks (sustainability)



Adjustment of the policy proposal(s)

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Ex-ante policy assessment (2/5) - Indicators

- **Impact of policy proposals along several dimensions:**

- Economic
 - Farm income (average/distribution)
 - Farm production
 - Number/share of farms affected
 - Size/Type of farming/Region
- Environmental
 - UAA
- Social
 - Labour (employment, full- vs. part-time)

- **Not taken into consideration:**

- Adaptation of farmers to policy measures (prices of inputs/outputs)
- Structural change

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Ex-ante policy assessment (3/5) – Use of FADN

- **Challenges in using large dataset of (real) farm data:**
 - Sizeable variability of the production within EU-27
 - Amount of information (many variables with many zeros, mainly from non-existing activities)
 - Incomplete information (costs per crop/animal)
 - Inherent change of content (new variables, definitions)
 - Data quality across countries
- **Need to:**
 - Make assumptions
 - Establish links to other sources/models
 - Accept data imperfections
 - Use "robust" methods

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Ex-ante policy assessment (4/5) – Use of FADN cont.

- **Why FADN? Other approaches?**
 - Virtual farm
 - Econometric models
 - Case studies
- **Policy measures increasingly targeted at farm level**
 - Despite its imperfections, FADN played a major role during policy conception as it captures heterogeneity of production at micro level

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Ex-ante policy assessment (5/5) – Examples

- **Impact assessment for "CAP towards 2020"**
 - Greening
 - Redistribution of DP between and within MS
 - Suppression of coupled support for beef, sheep and goat sectors
 - Impact of scenarios envisaged under "CAP towards 2020" on the distribution of DP and farm income

http://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/cap-towards-2020/index_en.htm
- **Negotiation of the CAP reform**
 - Internal convergence
 - 'First hectares' aid
 - Capping/Degressivity

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Inter-institutional debate: State of play

- **Political agreement on the CAP reform (26 June 2013)**
- **Subject to formal approval by the Council and the EP**
- **But, some pending issues (linked to the MFF):**
 - **Transfer of funds between DP (1st Pillar) and RD (2nd Pillar)**
 - **Allocation of national envelopes for DP and RD**
 - **Rates of co-financing**
 - **Capping & Degressivity**

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Inter-institutional debate: Next steps

- **1st trilogue (17 Sept. 2013) – Revised draft**
- **Farm Council meeting (23 Sept. 2013)**
- **2nd trilogue (24 Sept. 2013)**
- **EP COMAGRI Committee vote on the CAP legislative package (30 Sept. 2013)**
- **EP plenary vote (probably 18/19 Nov. 2013)**
- **Trilogue(s), formal adoption (Dec. 2013)**



**The CAP reform is to enter into force in 2014
(except for the new DP structure – as from 2015)**

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Thank you for your attention

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