

23 January 2018

EP Com. on Agriculture and Rural Development

Special Report No 16/2017

**Rural Development Programming:
less complexity and more focus on
results needed**

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ECA Member



Introduction to the audit field – RD policy

The EU's rural development policy helps rural communities to face economic, environmental and social challenges.



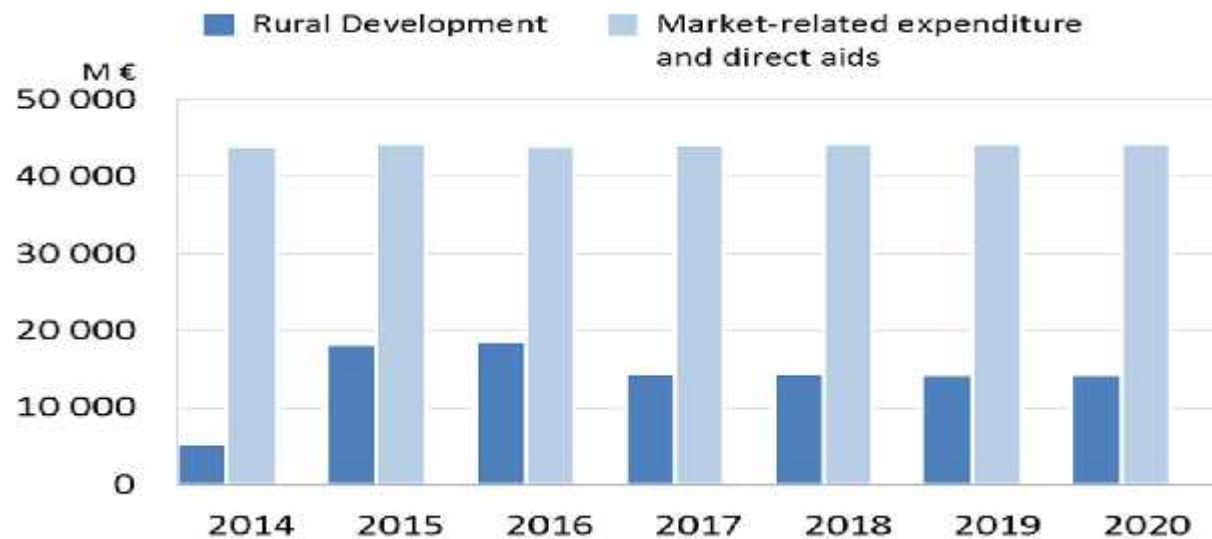
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Slide 2

Introduction to the audit field – RD policy

The EU plans to spend on rural development policy nearly 100 billion euro for the period 2014-2020 through the European Agricultural Fund for Rural Development (EAFRD).

The planned spending for EAFRD amounts to one-quarter of total Common Agricultural Policy (CAP) spending.



Note: Planned spending for EU-28 in million euro at current prices
Source: 9th Financial Report on the EAFRD, European Commission COM(2016) 623 final

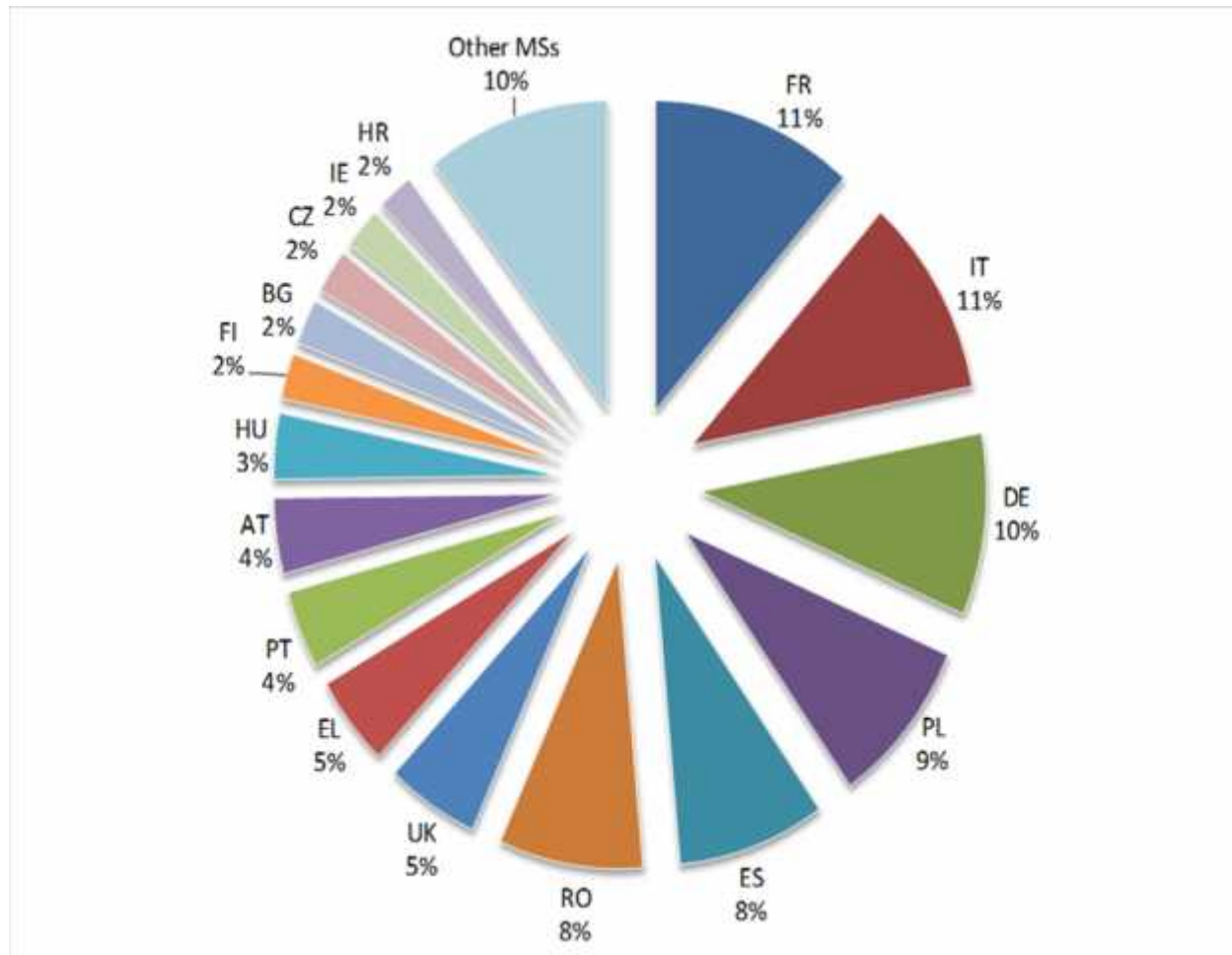
Slide 3

KRM13

It would be good to change it into sth more visual

KATARZYNA RADECKA-MOROZ; 21/12/2017

Introduction to the audit field – RD policy



Note: Due to rounding, the total may not correspond with the sum of the separate figures

Source: Annex I of the Regulation (EU)1305/2013 (incl. modifications by Regulations (EU) 2015/791 and 2016/142)

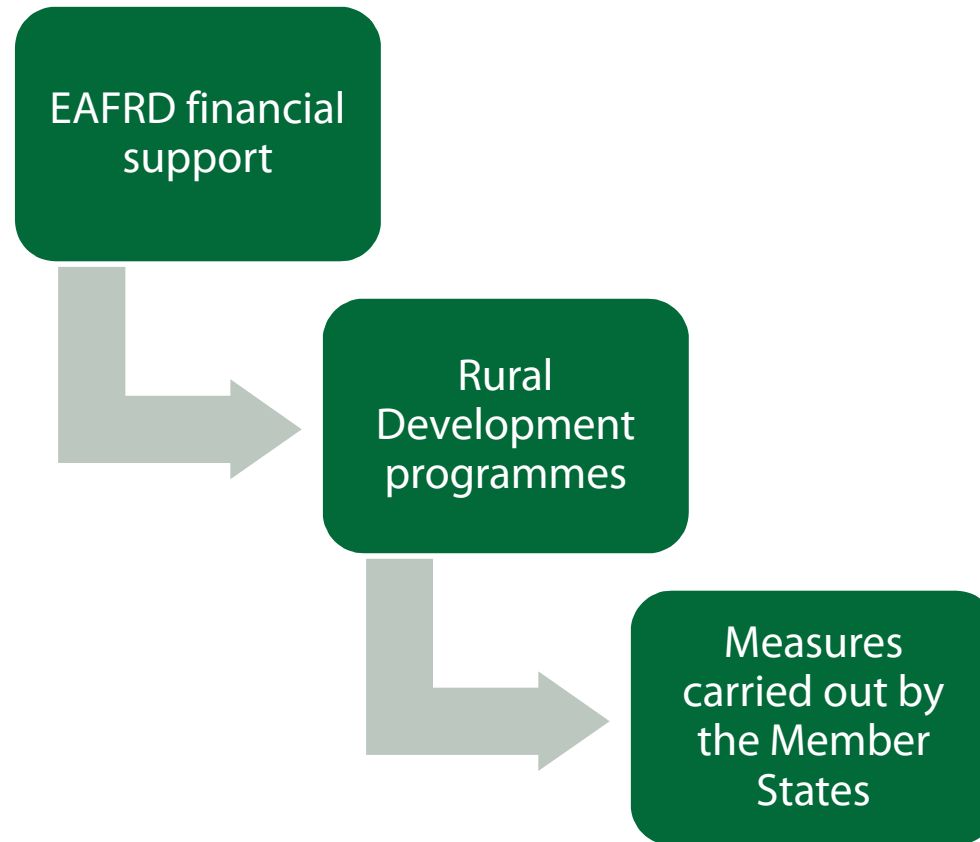
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KRM14

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KATARZYNA RADECKA-MOROZ; 21/12/2017

Introduction to the audit field – RD Programming







Reviewed RDPs

ECA examined 12 out of 118 RDPs



 RDPs checked directly by the auditors

 RDPs reviewed by the IAS

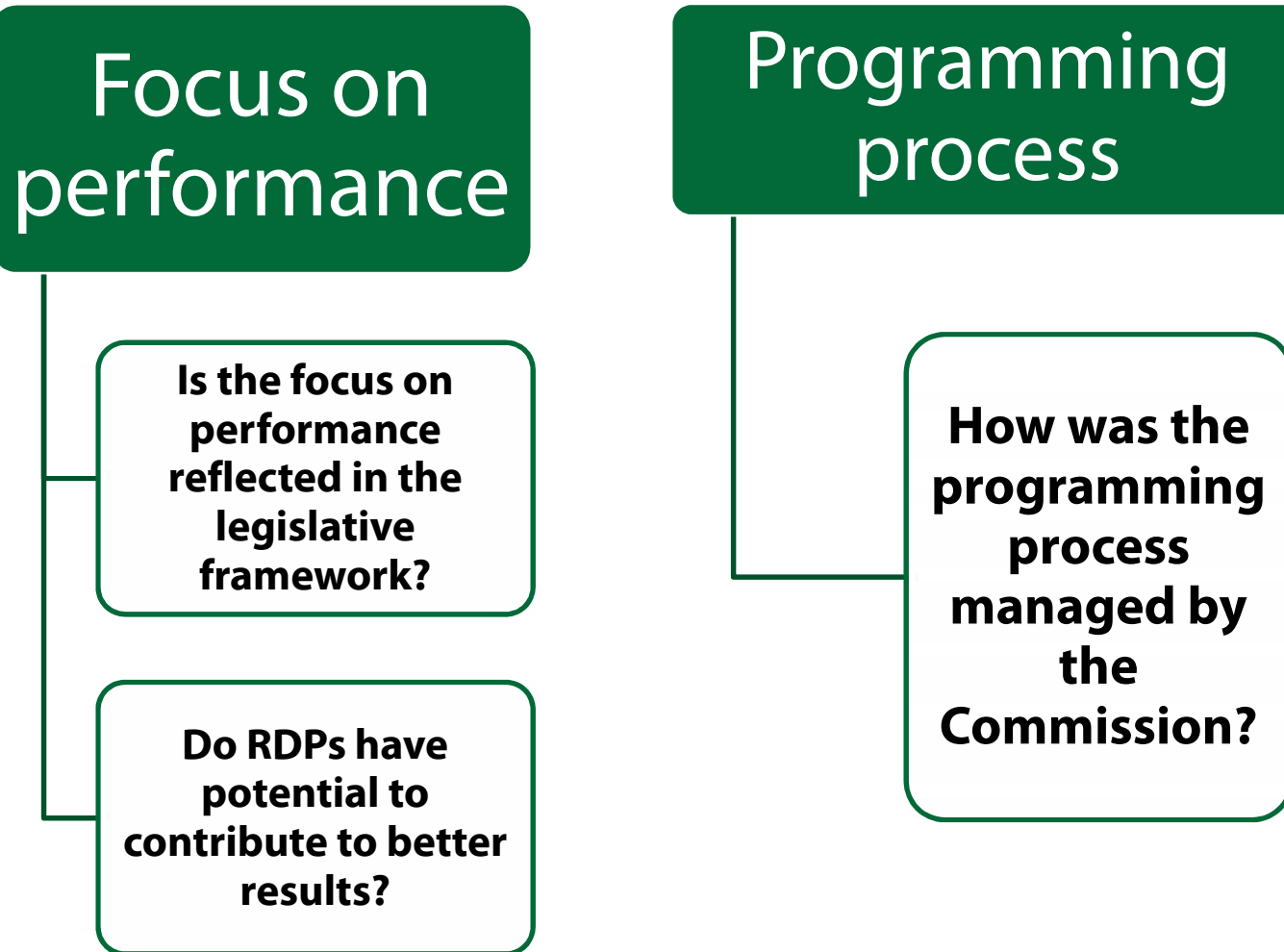


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Audit questions





Main audit conclusions

RDPs were **too general**

RDPS were **too long** and **complex**

Programming process was **too lengthy**

RDPs were **insufficiently** focused on results

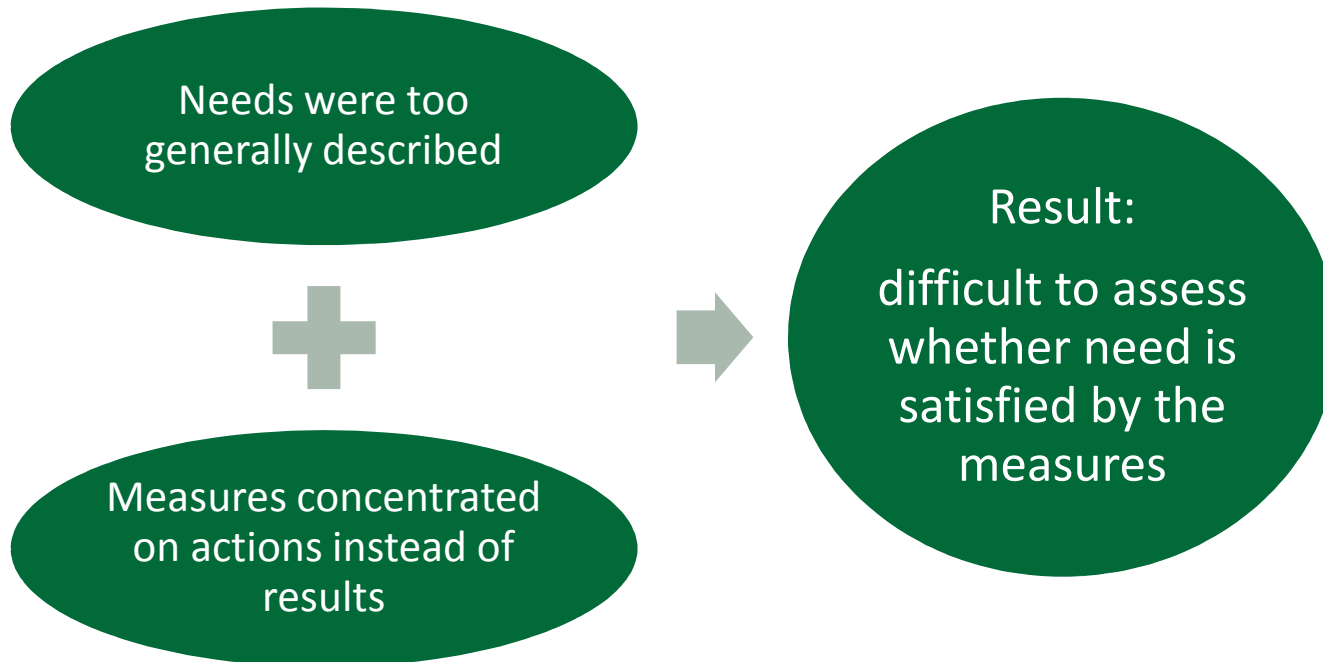




Audit conclusions

FOCUS ON PERFORMANCE

RDPs were **too general**





Audit conclusions

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RDPs were **too general**

Examples of vaguely defined needs:

Romania: “Increase and diversify the number of jobs in rural areas”

Poland: “Restoring and preserving biodiversity, including NATURA 2000, and in areas facing natural constraints”

Ireland: “A well targeted and designed Agri-Environment Scheme”



Audit conclusions

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RDPS were **too long** and **complex** documents

Number of pages in submitted documents	2014-2020 period		2007-2013 period
	PA (Country)	RDP	RDP
Austria	244	843	370
Belgium (Wallonia)	183	620	391
Denmark	204	505	336
Germany (BWI)	236	858	718
Spain (Rioja)	370	764	566
France (Lorraine)	324	785	381
Greece	341	1 192	539
Ireland	244	456	457
Italy (Campania)	722	1 090	422
Romania	460	786	432
Poland	246	735	400
United Kingdom (England)	428	743	403
Total	4 002	9 377	5 509
<i>Average</i>	<i>334</i>	<i>781</i>	<i>459</i>
<i>No of PAs or RDPS</i>	<i>28</i>	<i>118</i>	<i>94</i>

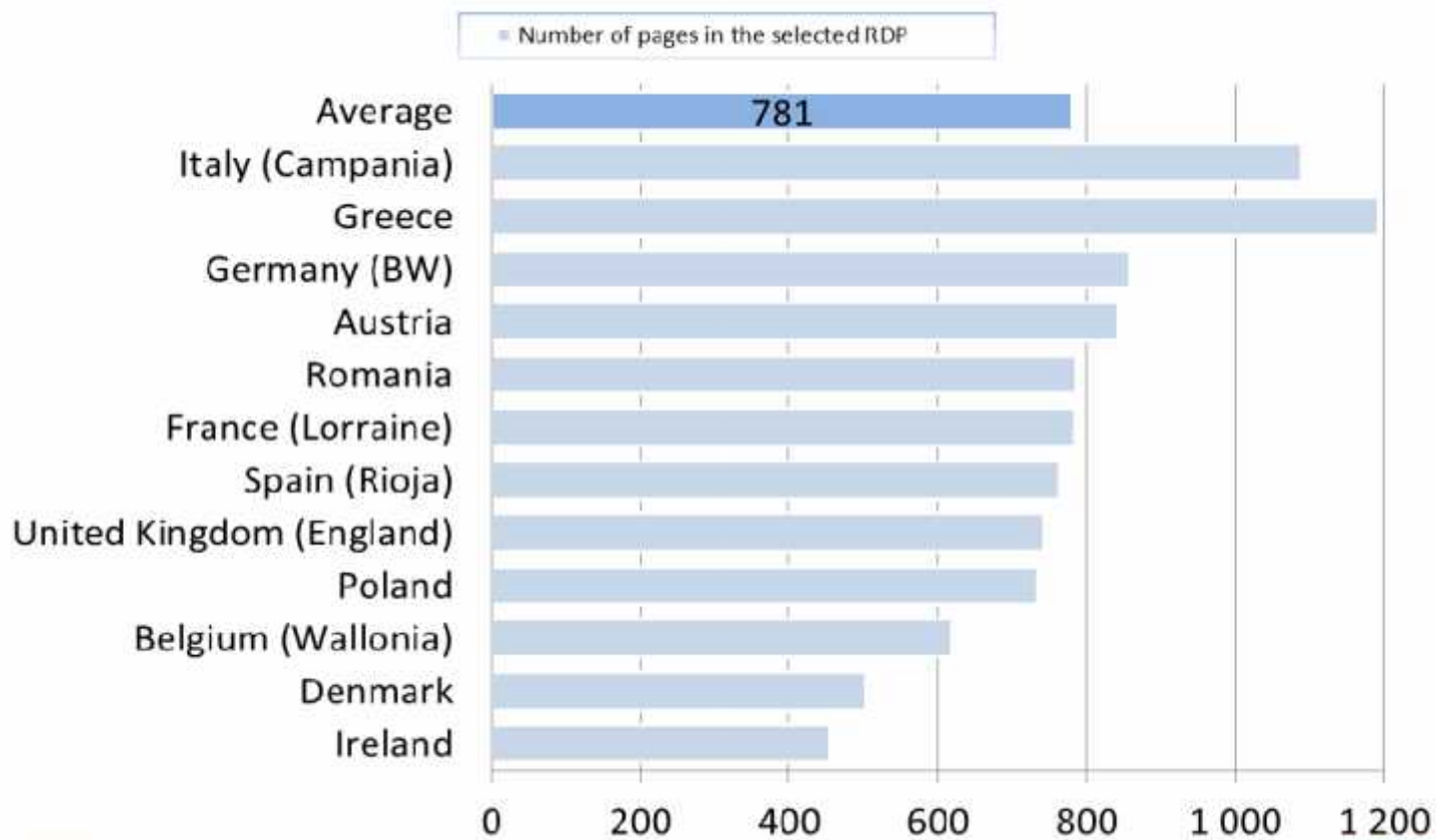




Audit conclusions

FOCUS ON PERFORMANCE

RDPS were **too** long and complex documents





Audit recommendations

We recommend to the Commission:

- improve the consistency between RDPs and other strategic documents
- concentrate the monitoring on measuring the results using relevant indicators
- simplify the content of RDPs and reduce the number of requirements

The European Commission accepted the recommendations
insofar as it is concerned



Audit conclusions

Focus on the programming process

Programming process was too long

Delayed start of RDP's implementation

Spending over the first three years was lower than in the previous period

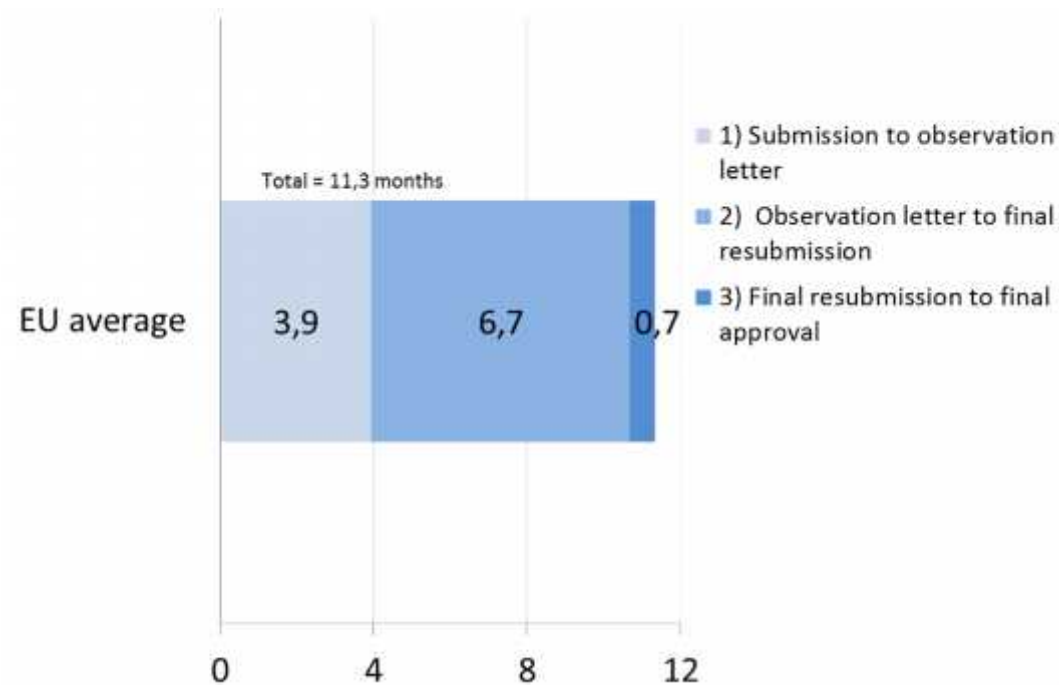




Audit conclusions

Focus on the programming process

Programming process was too long and required significant administrative efforts from the Commission and the Member States

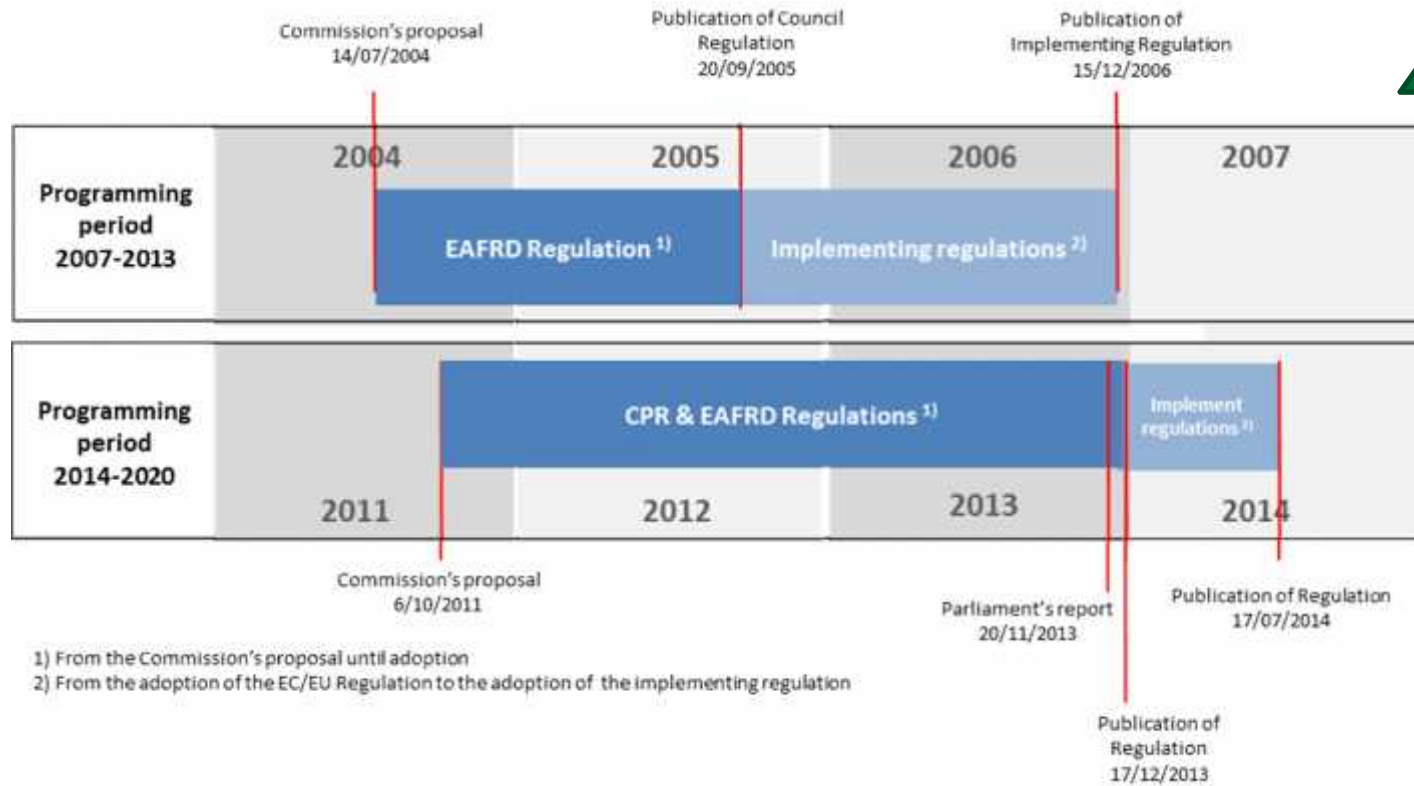




Audit conclusions

Focus on the programming process

Start of RDP's implementation was delayed

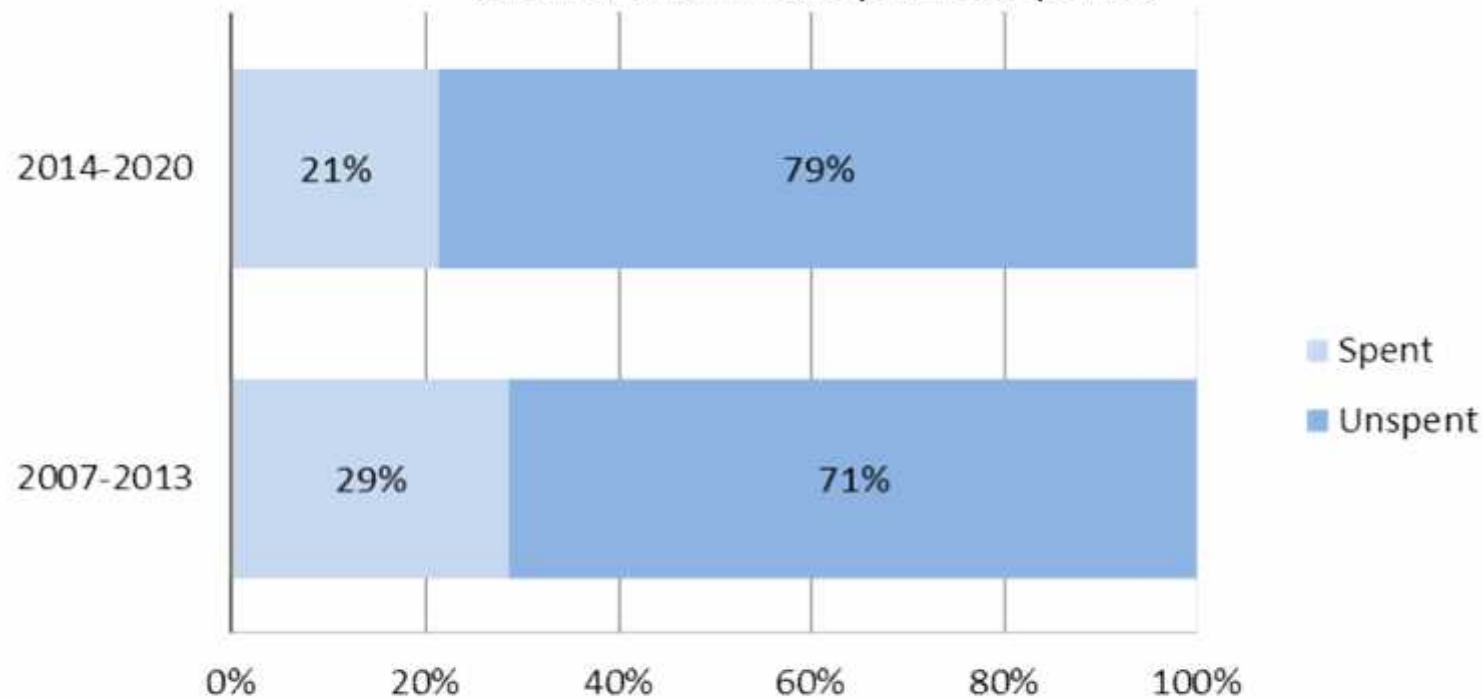




Audit conclusions

Focus on the programming process

Spending at the end of the fourth year out of seven years perspective is lower than in the previous period

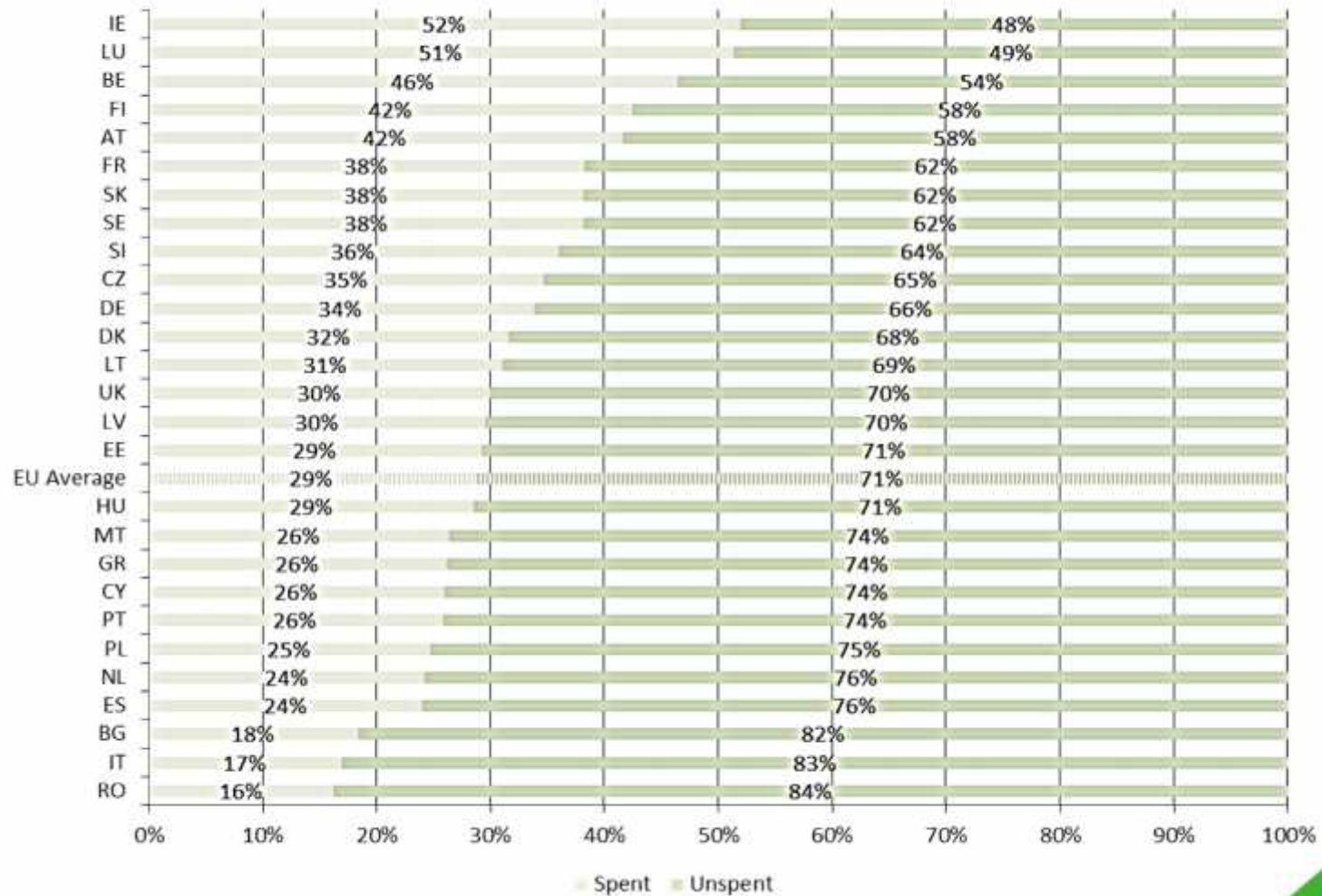


Source: EAFRD expenditure declared by MS in SFC2007 and SFC2014



Programming period 2007-2013

EAFRD absorption at the end of 2010



Note: Expenditure declared by MS in SFC2007, not including pre-financing

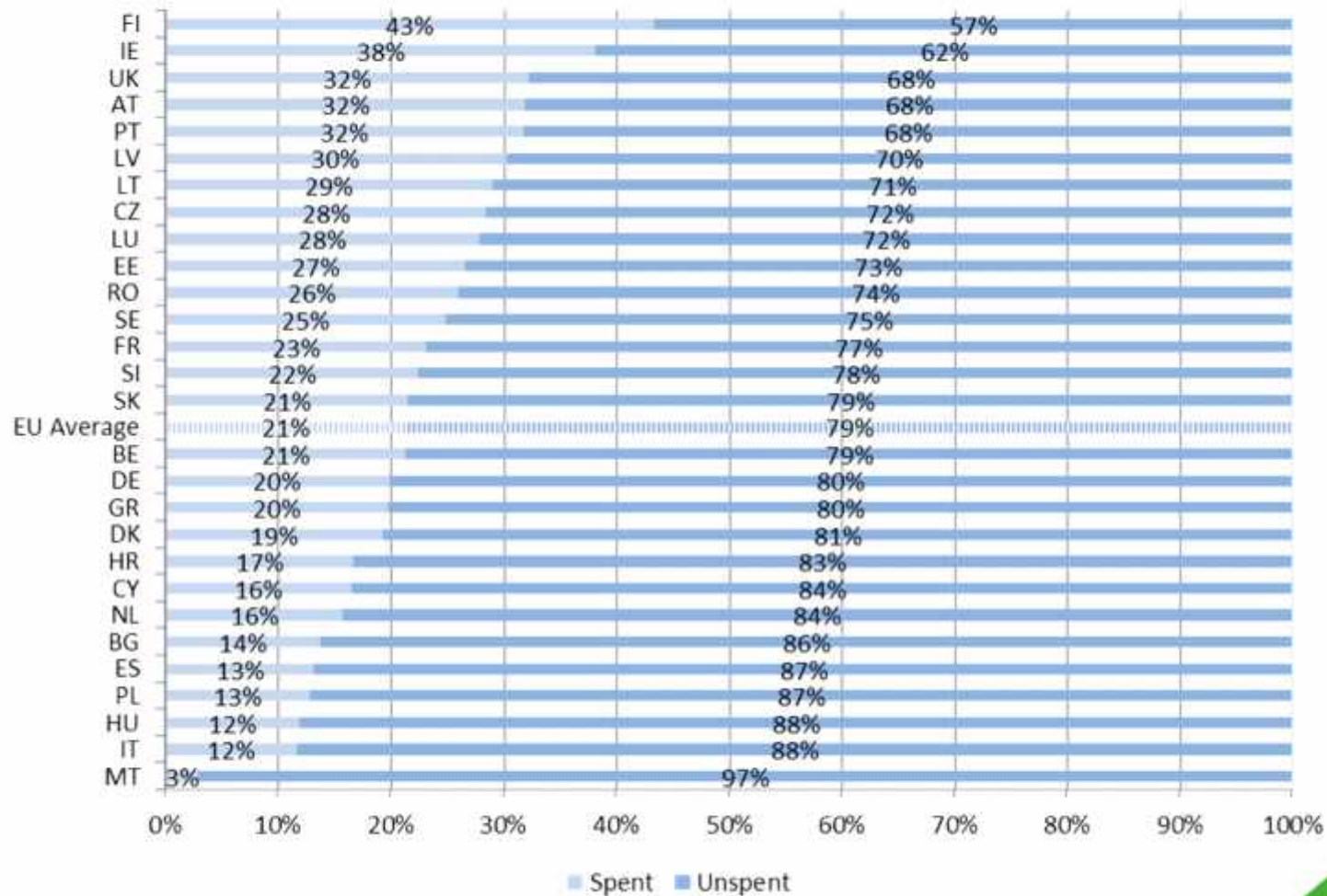


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Programming period 2014-2020

EAFRD absorption at the end of 2017



Note: Expenditure declared by MS in SFC2014, not including pre-financing



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Audit recommendation

We recommend to the Commission:

to prepare its legislative proposals for rural development policy post 2020 in good time in order to allow approval at the start of the next programming period

The European Commission accepted the recommendation



Audit conclusions

RDPS were not sufficiently focused on results

Contribution of individual RDPs to EUROPE 2020 will be difficult to assess

Complementarity and synergies of RDPs with other EU funds was not developed

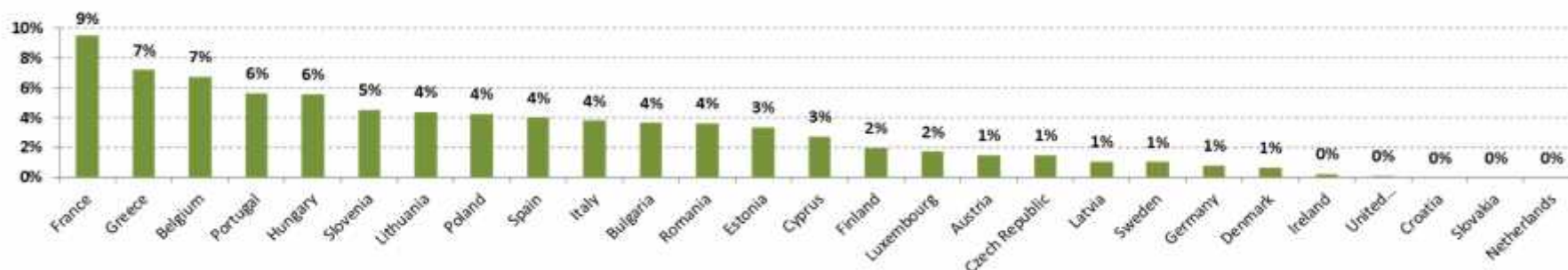
Monitoring concentrated on measuring outputs instead of results

EU support to young farmers should be better targeted to foster effective generational renewal



RDPs insufficiently focused on results

Share of expenditure for setting up of young farmers out of 2007-2013 EAFRD expenditure
 (% of M112 out of the 2007-2013 EAFRD Expenditure)



Variation in the number of young farmers (<44 years) in 2007-2013
 (% of 2007 Population)





Audit conclusions

RDPS were not sufficiently focused on results

Million hectares	2005	2007	2010	2013
Total number of hectares held by young farmers	57,7	54,8	55,2	51,9

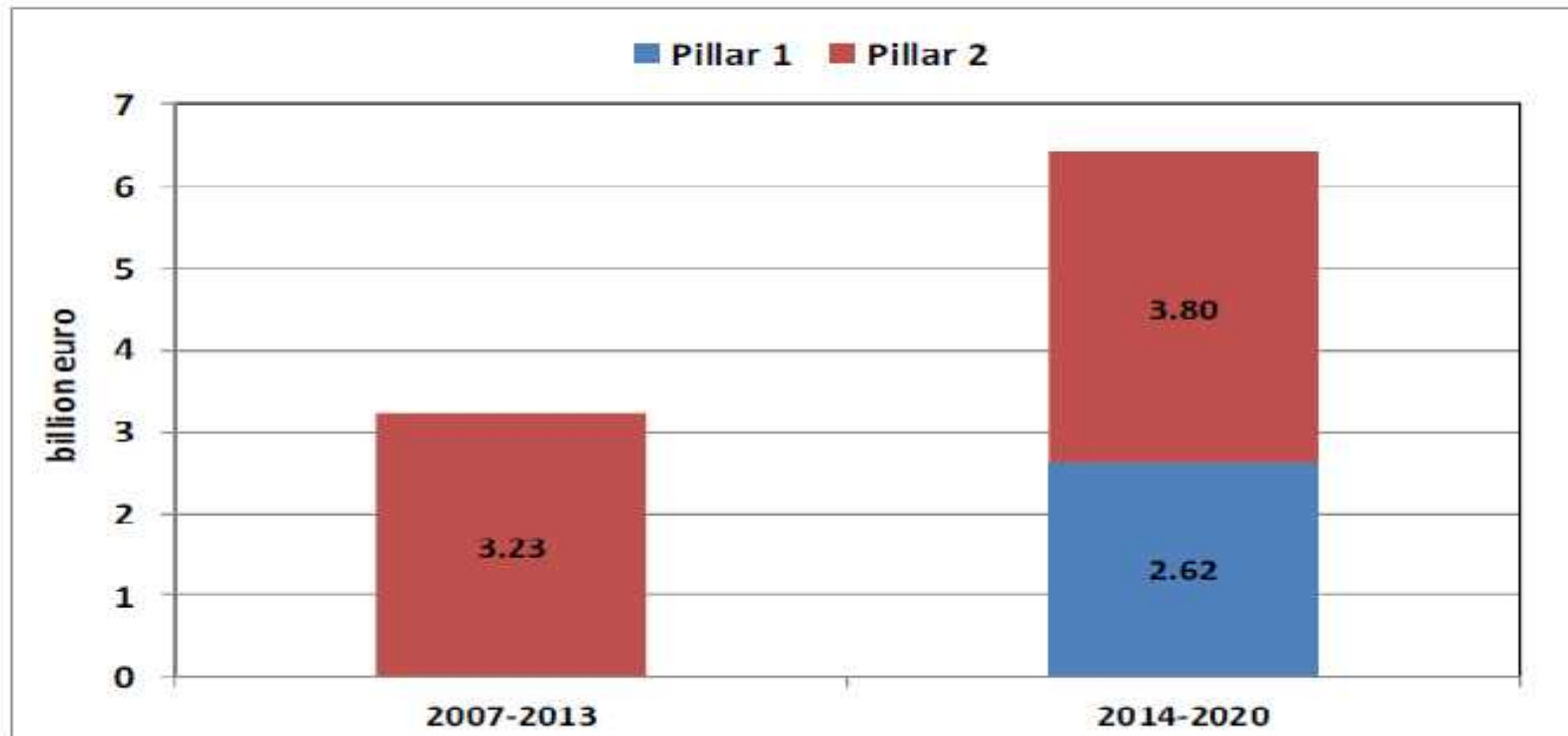
Distribution of farmers per age group in Member States in 2007 and 2013

Member State	<35		35–44		45–54		55–64		65+	
	2007	2013	2007	2013	2007	2013	2007	2013	2007	2013
Belgium	6,1%	4,0%	22,2%	15,2%	28,6%	32,9%	22,7%	26,8%	20,5%	21,2%
Bulgaria	3,1%	6,4%	9,4%	13,2%	17,5%	18,5%	25,1%	25,2%	45,0%	36,7%
Czech Republic	9,7%	4,6%	17,4%	14,8%	27,2%	23,8%	28,5%	33,9%	17,2%	23,0%
Denmark	5,9%	2,5%	21,4%	14,7%	29,1%	31,2%	23,9%	27,6%	19,6%	24,0%
Germany	7,7%	6,8%	28,2%	19,7%	33,9%	37,2%	22,6%	29,8%	7,5%	6,5%
Estonia	6,2%	7,5%	15,8%	16,8%	23,1%	23,4%	23,8%	21,8%	31,1%	30,4%
Ireland	8,1%	6,3%	18,3%	16,7%	24,6%	25,1%	25,5%	25,5%	23,5%	26,5%
Greece	6,9%	5,2%	15,1%	14,7%	21,6%	23,9%	20,2%	24,9%	36,3%	31,3%
Spain	5,2%	3,7%	15,6%	12,7%	23,3%	25,0%	24,5%	25,2%	31,4%	33,3%
France	8,1%	8,8%	23,6%	19,1%	31,5%	32,7%	23,9%	27,0%	12,9%	12,4%
Croatia	Data not available									
Italy	3,1%	4,5%	10,7%	10,8%	19,4%	21,6%	23,9%	23,3%	42,9%	39,7%
Cyprus	2,4%	1,7%	12,0%	6,9%	26,7%	21,4%	29,1%	30,1%	29,8%	40,0%
Latvia	7,1%	5,0%	18,1%	14,5%	25,0%	26,3%	20,7%	24,1%	29,2%	30,1%
Lithuania	4,4%	5,6%	16,9%	13,9%	21,4%	25,6%	18,2%	20,9%	39,1%	34,0%
Luxembourg	7,4%	8,7%	22,5%	17,3%	33,8%	32,2%	22,5%	27,4%	13,9%	14,4%
Hungary	7,6%	6,1%	14,6%	14,9%	23,2%	19,4%	27,1%	29,2%	27,5%	30,3%
Malta	4,9%	3,8%	10,3%	12,9%	29,3%	24,8%	32,4%	33,4%	23,0%	25,1%
Netherlands	4,0%	3,1%	23,5%	16,3%	28,7%	32,7%	26,1%	26,9%	17,7%	21,0%
Austria	11,0%	10,9%	29,7%	24,4%	33,3%	36,5%	16,5%	19,6%	9,4%	8,6%
Poland	12,2%	12,1%	21,6%	23,7%	31,1%	30,2%	19,3%	24,3%	15,8%	9,6%
Portugal	2,2%	2,5%	8,2%	7,2%	17,6%	16,6%	25,4%	23,6%	46,7%	50,1%
Romania	4,4%	4,7%	11,9%	13,9%	17,0%	16,9%	22,6%	23,5%	44,2%	41,0%
Slovenia	4,0%	4,8%	13,0%	14,4%	24,6%	26,4%	23,5%	29,1%	34,9%	25,3%
Slovakia	3,8%	8,1%	12,0%	15,4%	25,2%	24,9%	27,3%	30,0%	31,7%	21,6%
Finland	9,2%	8,5%	22,8%	22,0%	32,0%	30,1%	29,8%	29,1%	6,2%	10,2%
Sweden	6,0%	4,4%	17,4%	12,8%	26,7%	24,8%	29,3%	28,0%	20,6%	30,0%
UK	3,9%	3,9%	15,0%	11,0%	25,0%	26,6%	28,6%	27,9%	27,6%	30,6%
UE-27:	6,3%	6,0%	15,5%	15,3%	22,8%	22,9%	22,7%	24,7%	32,7%	31,1%



Audit conclusions

Figure 3 - EU budget for support to young farmers under Pillar 1 (EAGF) and Pillar 2 (EAFRD) in the 2007-2013 and 2014-2020 programming periods



Source: ECA based on Commission's data (2007-2013 expenditure and 2014-2020 allocations).



Examples

Poland

One audited beneficiary had a holding of 513 hectares, was receiving around 100 000 euro of EU direct payments every year and was generating a net profit of around 150 000 euro in the three years before applying for the additional payment for young farmers. Therefore, this beneficiary had no financial challenges and was already running a viable holding before obtaining the payment for young farmers (3000 euro in 2015).

Italy

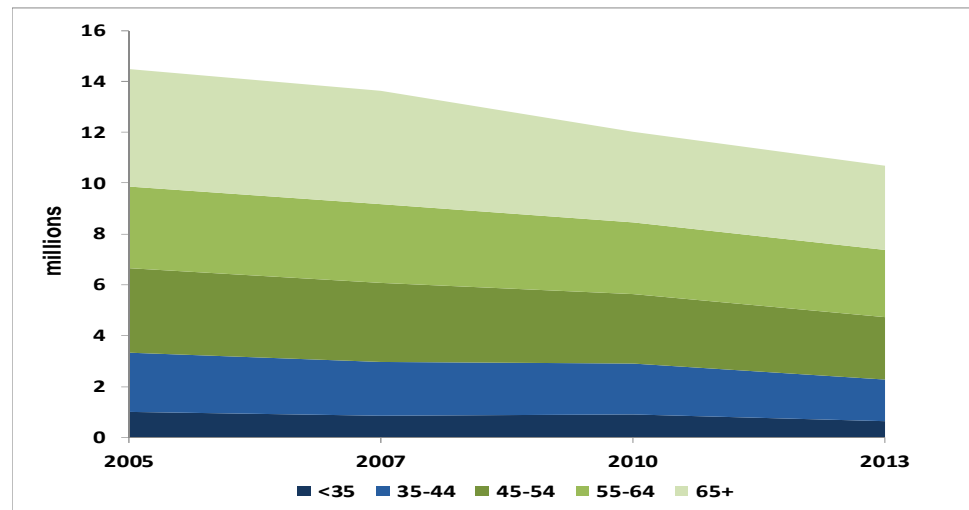
In case of simple companies, at least one shareholder needs to be young, irrespective of his/her share, to make the entire holding eligible for the payment for young farmers. One of the audited farmer, who owns 16% of the shares, was neither working in the company nor exercising any agricultural activity and, as an individual, would not qualify as an active farmer. Nonetheless, the company received 8 000 euro in 2016 in additional payment to young farmers for its 90 eligible hectares.

Farming population

Decreasing farming population: falling from 14.5 million in 2005 to 10.7 million in 2013

The number of young farmers (up to 44 years old) decreased from 3.3 million in 2005 to 2.3 million in 2013

Evolution of the number of farmers by age group in the 27 EU Member States



Decreasing farmland

Thank you for your attention!

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