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Committee on Budgetary Control

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WORKING DOCUMENT

on the European Court of Auditors' Special Report No 10/2014 (2013 Discharge): "The effectiveness of European Fisheries Fund support for aquaculture"

Committee on Budgetary Control

Rapporteur: Tomáš Zdechovský

Audit scope, objectives and approach

1. The objective of the audit was to answer the question ‘Did the European Fisheries Fund offer effective support for the sustainable development of aquaculture?’ This was done by addressing sub questions relating to the design and implementation of EU measures to support aquaculture, and the results of public funding:
 - (a) Have EFF measures, in supporting the sustainable development of aquaculture, been well designed and monitored at EU level? In order to answer this question, the Court examined how the measures were designed, and the Commission’s role in their implementation.
 - (b) Have EFF measures, in supporting the sustainable development of aquaculture, been well designed and implemented by the Member States? In order to answer this question, the Court examined Member States’ national strategic plans, operational programmes and related issues (including spatial planning and licensing), and how measures were implemented.
 - (c) Has the EFF delivered value for money and supported the sustainable development of aquaculture? In order to answer this question, the Court considered whether overall objectives have been achieved; examined the contribution of selected projects to sustainable development and how they were targeted; considered growth, employment and actual results; and examined evidence for value for money.
2. The audit focused on projects funded between 2007 and 2011. It was performed at the relevant Commission departments and in six Member States (Spain, France, Italy, Poland, Portugal and Romania) accounting for over 50 % of aquaculture production and related EFF budgetary support in the EU.

Court's findings and observations

3. The Court found that the EFF did not offer effective support for the sustainable development of aquaculture.
4. The Court found in particular that at EU level, measures to support the sustainable development of aquaculture have not been well designed and monitored. The CFP and EFF did not provide a sufficiently clear framework for the development of aquaculture in the period up to 2013.

Concerning guidance on environmental sustainability, the Court found that sufficient guidance was given for Natura 2000 but not for issues related to the water framework directive, the marine strategy framework directive and the environment impact assessment directive. This contributed to the lack of actions taken by Member States to address this important issue.

There was insufficient comparability between data on aquaculture from different EU sources, which makes the results of aquaculture measures difficult to assess.

The EFF monitoring committees did not play a significant role in monitoring aquaculture,

management information was deficient, and the results of relevant publicly funded research projects were not fully exploited.

5. At the level of the Member States, measures to support the sustainable development of aquaculture have not been well designed and implemented. Member States' national strategic plans and operational programmes did not provide a sufficiently clear basis for the support of aquaculture, and there was no coherent strategy for the sector. The lack of appropriate spatial planning, coupled with complicated licensing procedures, acted as a brake on sustainable development.

There were also significant inaccuracies and methodological weaknesses in the production data of some annual implementation reports.

6. The Court found that the main objectives for growth of the aquaculture sector have not been met to date, and the sector has stagnated for many years. The financial and economic crisis undoubtedly contributed significantly to this stagnation at least in the main producing Member States. The Court also found that the projects audited in the Member States visited were often poorly selected. With some exceptions, audited projects often did not provide the expected results, or value for money, and contributed little to growth and employment.
7. In conclusion, for the period up to 2013, there was an inadequate framework at EU and Member State level to translate the EU's objectives for the sustainable development of aquaculture into reality and the measures actually taken did not provide sufficient results.

Replies of the Commission

8. The Commission stresses that the economic and financial crisis has hindered the achievement of objectives for growth and employment in the aquaculture sector at EU level. It underlines that although the EU aquaculture has not increased in volume, the activity and employment has been maintained.
9. The Commission recognises that, up to 2013, the EFF support for the sustainable development of aquaculture did not fully achieve the expected results and for this reason, it has already adopted appropriate measures. The Commission emphasises in particular that the new Common Fisheries Policy and European Maritime and Fisheries Fund provide a clearer framework to support the sustainable development of the EU aquaculture.
10. The Commission accepts almost all recommendations made by the Court and points out in particular that it has identified the lack of spatial planning and the need for administrative simplification amongst the objectives to be pursued in the Strategic guidelines for aquaculture COM (2013) 229 and will also encourage the Member States to respect the recently adopted directive on maritime spatial planning.
11. The Commission has also adopted guidelines on how the ex-ante conditionality for the multi annual national strategic plan on aquaculture should be fulfilled and has supported the development of specific guidance for the implementation of the water framework directive and the marine strategy framework directive. Finally the Commission also

developed guidance on the nature of derogations allowed under Article 9 of the wild birds directive.

Court's recommendations

12. The ECA recommends that the Commission, in its implementation of measures to support aquaculture under the new European Maritime and Fisheries Fund:

- (a) when approving Member States' operational programmes, considers whether objectives for the sustainable development of aquaculture are realistic and appropriate, and whether support is targeted at measures which are likely to address those objectives;
- (b) ensures, where relevant, that Member States' operational programmes are only approved if appropriate national strategies for the development of the aquaculture sector are prepared;
- (c) establishes guidelines for the consideration of relevant environmental factors when determining public funding;
- (d) encourages Member States to implement relevant spatial planning and to simplify the licensing and administrative procedures to support the development of the aquaculture sector;
- (e) improves the comparability of the statistical data on aquaculture compiled from its different sources, in order to enhance its accuracy and completeness.

13. The Court recommends that the Member States, in their implementation of measures to support aquaculture under the new European Maritime and Fisheries Fund:

- (a) prepare and apply coherent national strategies for the development of the aquaculture sector;
- (b) implement relevant spatial planning, and simplify the licencing and administrative procedures to support the development of the aquaculture sector;
- (c) ensure that public funding is prioritised towards projects which best contribute to the sustainable development of aquaculture and provide value for money;
- (d) monitor project results more closely by setting and applying relevant indicators.

Recommendations by the rapporteur for possible inclusion in the 2013 Commission discharge report

14. Endorses the main recommendations of the ECA whilst noting that the Commission is developing the requested guidance to the water framework directive and the marine strategy framework directive; welcomes that the Commission took note of the recommendations related to spatial planning and the need of administrative simplification;

15. Welcomes that the lessons learned from the 2007-2013 period have been incorporated in

the new European Maritime and Fisheries Fund for the 2014-2020 period, however stresses that it is necessary for the Commission to ensure that all recommendations were and will be put in practice;

16. Understands that the impact of the financial crisis critically affected the achievement of objectives for growth and employment in the aquaculture sector; however stresses that one of the main objectives of the EFF - a growth and sustainability of aquaculture - has not been achieved also due to other factors; underlines that instead of growth, the aquaculture sector has stagnated for many years unlike in other parts of the world;
17. Is disappointed in the lack of prioritizing on the project level and strategy planning on the national level; therefore urges the Commission to improve programme design in order to strengthen measures supporting aquaculture and calls on Commission to ensure better implementation;
18. Points out that on one hand, stronger, sustainable aquaculture is one of the key objectives of the Commission, on the other hand, very little have been done to successfully achieve this objective in the EFF framework; notes that this is, however, a systematic error also to be found in other programmes; thus perceives that the Commission continuously fails to achieve its objectives;
19. Urges the Commission to re-shape its financial management and to change its approach from spending all available sources into concentrating on whether the spending aligns with the rules, whether it delivers value for money and whether it provides effective support to achieving main objectives;
20. Notes that the Member States must address the poor selection of projects instead of granting funds to all projects and must ensure that the selection procedure is subject to detailed evaluation rules that will assess the potential of the projects to deliver results and value for money that will overall contribute to objectives of the EMFF such as growth and employment; stresses that the Commission should support the Member States in doing so, it should encourage follow-up monitoring on the project deliverables and should establish more complex post-project evaluation that would be used as lessons learned;
21. Is convinced that the Member States shall improve their reporting tools and channels since the data provided to the European Commission are often inaccurate; recommends to the Commission to a) develop stronger means of pressure on the Member States to deliver reliable data, especially in the case when there are obvious discrepancies b) consider penalization of Member States suspected of intentionally delivering incorrect data;
22. Points out that the Commission needs to develop stronger framework for all of its financial programmes, including the new EMFF measures for aquaculture; believes that the Commission should consider being more consistent in its approach and should develop stronger integrity;
23. Calls on the Commission to ensure that the Member States clarify their own strategies and implement them in a manner that will complement the objectives of the EMFF; requests that the Commission oversees that the Member States bring extra effort into project evaluation and free themselves from lack of strategic thinking about projects; highlights

that there is a need to guarantee that the evaluators assess the projects with open eyes and clear expectations;

24. Recommends that the funding of projects that have already commenced is reconsidered as it has no additional impact; discourages the Commission and the Member States from “a ticking box exercise” in order to avoid lack of additional value;
25. Encourages simplification of administrative procedures to secure high quality of projects applying for funding;
26. Welcomes the proposal for a new monitoring system in the EMFF that will include a database at Member State level storing information on every operation and an aggregated report with key information, but insists on implementing this proposal and keeping it to high standards.