1. The Commission welcomes that the report of the European Court of Auditors recognises that many supported projects are operational years after the legally required durability period. However, it regrets that some diversification projects only show weak economic performance and illegitimate private use. In case of suspected irregularity or fraud, it is the responsibility of Member States to instigate recoveries from beneficiaries. In addition, the Commission carries out risk-based audits that could lead to financial corrections. The initial assessment of the project application and the issuing of the grant decision, executed by the Member States’ administrations, are key steps to improve the economic viability of projects. Nevertheless, it will be very difficult to anticipate all external factors such as the COVID 19 pandemic in the initial project assessment. In line with the Long Term Vision for Rural Areas and the Rural Pact\(^1\), the Commission is prepared to support the exchange between Member States and analyse its results to improve the treatment of project applications.

2. Selection procedures are already applied in the implementation of investment measures. The quality of the processing of project applications needs to be improved, in particular the assessment of the business concept. The audit report has shown that the same type of project is successful in one Member State but fails in another Member State. The above-mentioned exchange between Member States may help to identify success factors for economically viable projects.

\(^1\) COM(2021) 345 final