



Thematic Working Group 4
Delivery Mechanisms of Rural Development Policy

Final Report
Summary and Conclusions

December 2011



Connecting Rural Europe

Introduction to TWG4

The EU Rural Development policy

The European Union rural development policy is implemented under shared management between the Commission and the Member States.

The Commission is responsible for the overall legal framework, for approving the Rural Development Programmes, as well as for ensuring sound financial management of the Community funds.

The day-to-day implementation of the EU rural development policy is delegated to the national level. The Member States are responsible for adopting all legislative, statutory, and administrative procedures in order to ascertain the correct use of Community funds. Furthermore, the Member States must designate the following authorities for the rural development programmes: Managing Authority, Paying Agency, and Certifying Body. If the MS has more than one Paying Agency, a Coordinating Body must be designated. In addition, each Rural Development Programme must have a Monitoring Committee. The Rural Development Programmes may be national or regional.

The Member States may delegate tasks further to regional or sub-regional levels. Indeed, some rural development measures are implemented at sub-regional level.

The shared management of the rural development policy has the characteristics of a multi-level governance delivery system. In addition to the Commission and the national administrations, also social and economic partners are involved in the preparation, monitoring and evaluation of the policy (e.g. as members of the Monitoring Committee).

Due to the flexibility offered by the shared management approach and the differences in the administrative structures of the Member States, the rural development policy delivery mechanism varies across countries.

Mandate of TWG4

The overall mandate of TWG4 "Delivery mechanisms of EU rural development policy" is to reflect on possible solutions to improve the design and implementation of EU rural development policy, making the policy delivery more efficient and effective. The specific aim is:

to review the delivery mechanisms of EU rural policies, in selected Member States, at all relevant institutional levels, in order to identify those aspects that are working well and less well, good practices and suggestions for desirable improvements.

Delivery mechanisms may be considered as the set of processes and procedures which are employed to translate the objectives of the policy into the final implementation actions by

the recipients of the funds. They are a key factor in achieving the objectives of EU rural policy and directly impact on the overall value added of the policy. Two dimensions are considered here:

1. the way in which different stages of the programming cycle for rural development are managed (the issues);
2. different tiers of actors (administration, stakeholders and beneficiaries) involved in the policy implementation.

TWG 4 assesses the variety of delivery mechanisms put in place for the different stages of the programming cycle and, through all the steps, between relevant levels of the governance system from the top to the bottom (EU, national, regional, sub-regional, obligations of final beneficiaries).

The challenge of this task is very considerable because:

- the delivery systems are complex and they vary between different Member States and different measures;
- it is not always easy to identify the effects associated with different delivery system choices.

The work of TWG4 has been based primarily on case studies undertaken in twelve Member States. It is evidence based, but necessarily to a degree judgemental.

Summary and conclusions

Scope of the work

The work done by TWG4 on the delivery *mechanisms* of rural development policy within the EU has been a fact-finding study, in different MS, on **how the process of design and programming takes place and how the policy reaches the final beneficiaries**. It should not be confused with a full "evaluation" assessing the effectiveness, efficiency and relevance of instruments used. Study of the relevant documents and the questions posed to administrators and other relevant actors in each case study were intended to determine: *how they went about design and programming; what procedural problems were faced; and how these have been dealt with*. The intention was not to check whether administrations met their related legal obligations.

This approach was taken because, to date, little practical research has compared rural development policy delivery mechanisms. There is little administrative networking across MS to exchange good delivery practices or discuss solutions to problems. The work of TWG4 has therefore covered an area about which there is relatively little systematic knowledge.

Delivery mechanisms have been considered as *technical and organisational issues*. Therefore, the study has essentially avoided analysing those *policy decisions* which are the prerogative of MS and mandated administrations.

Rural development policy is a shared competence between the EU and MS. It is elaborated and implemented through mechanisms based on multi-level governance, on the one hand with a legal basis common to all MS, and on the other hand through implementation procedures which are to a significant extent specific to individual national and regional administrations.

This report takes into account both the 12 TWG4 case studies - which cover the full range of rural development policy delivery mechanisms - and other ENRD analytical work. Together, in geographical terms the two sources cover a significant share of the delivery mechanisms of the 27 MS. Unsurprisingly, they reveal **very considerable differences between MS systems** and underline the fact that generalisations on the subject should only be made with care. Nevertheless, the approach taken has also revealed some **common patterns** and allowed **recommendations** to be made.

Summary of key findings

The main over-arching finding is that **much works well in the delivery of the RDPs**. Nevertheless, in order to achieve the planned outcomes of the TWG, weight is given in this and the following sections of the report to the **problems** identified.

This section is a non-exhaustive **summary** of findings, as its title indicates.

Strategic approach and programming procedures

The existence of a strategic framework at EU level is valued by almost all actors across all the MS investigated. However, it is a *framework*, not a full "strategy" with quantified targets which allow progress to be measured; it sets broad goals which leave certain flexibility to MS.

In several MS, the broad character of the EU strategic framework has been replicated in the national "strategy": this has become an all-inclusive umbrella which does not clearly define specific priorities or targets. This has led to a lack of consistency in programming.

The development of a NSP is widely acknowledged to have been an important exercise, particularly in the newer MS which were undertaking the RD programming exercise for the first time. However, almost all centralised countries questioned the usefulness of having a strategy document separated from the RDP. In the decentralised MS, where the programming responsibility lies with regions, the NSP prompted the central administration (to a varying degree) to take on a coordinating role. The time required to define the NSP was two years or more – more than had been estimated. In most cases, the NSP and RDP(s) were drafted at the same time. In centralised countries, the same people usually drafted both; in decentralised countries, the drafting of the NSP and the regional consultation process overlapped with the preparation of the regional strategies and of the RDPs, as well as negotiations with the EC. As consequence, in decentralised countries the opinion was shared that the NSP became a composite of the priorities defined by the regions.

The need to ensure strategic coherence and coordination between the different institutional levels (EU/MS/regional and in some cases sub-regional) was not clearly addressed in the current programming period. As the case studies show, some MS and regions addressed the issue at least partially, but a more systematic approach is needed.

In several MS the strategy development and programming process was heavily influenced by 'path dependency', i.e. a high weight was given to continuing what had been happening in the previous programming period *per se*. In a significant number of MS the balance of opinion, backed up by some evidence, was that farming interests were treated as the most important stakeholders in the consultation process.

Axes and Measures

The four axes of the EAFRD and the standard 'basket' of measures are fundamental to the architecture of the current programming period.

The MS case studies revealed both positive and negative aspects of the axes and their effect on the final form of RD policy in individual MS. On the one hand axes provide structure and funding 'floors'. On the other hand, they are rigid containers and cannot fulfil the same role as strategic objectives.

Regarding measures: a range of stakeholders in several MS considered the operational toolbox of the EAFRD to be overly complex. They criticised the total number of measures available and the detail with which some were specified. In some cases, the criticisms

related to measures as developed by MS / regions within given RDPs – e.g. cases where measure 214 comprised up to 15 sub-measures.

In most of the RDPs examined, a given operation was usually supported by one measure and one only. This one-to-one relationship is seen as limiting co-ordination and synergies between measures. However, some RDPs have pro-actively combined and/or coordinated measures in order to achieve synergies, in various ways. Examples of such approaches include the Global Farming Contract in ES-Catalonia and integrated investment packages in IT-Emilia Romagna.

Targeting and the definition of rural areas

Territorial and thematic targeting is required to direct public support towards geographical areas with clear needs and towards activities which address specific objectives. The most widely internationally recognised definition of rural areas is that of the OECD, based on population density. Fewer than half of the MS covered by the TWG4 case studies used this definition, either in its standard or a modified form. A similar pattern is evident among the larger sample of 35 RDPs examined as part of the analytical work of TWG1. The OECD definition is not a universally useful tool for defining rural areas. Furthermore, whatever definitions are applied, in the programming phase territorial targeting (including eligibility conditions and selection criteria) has usually been disconnected from the definition of rural areas – even though rural areas have been defined at the strategy level.

Eligibility conditions and selection criteria

There have been frequent problems in targeting funds and achieving the goals defined in the RDP through eligibility conditions and selection criteria. In general there has been a difficulty in defining specific conditions and criteria which are consistent with the targets set in the RDP. In some cases, conditions and criteria are very little used; in other cases they are vague (sometimes because of a lack of strategic focus); in still others they are ineffective for various other reasons (e.g. because of being poorly chosen or too strict); and in others they change too frequently.

Centralised and decentralised implementation mechanisms

For every RDP, the institutional set-up for implementation procedures is based around the Managing Authority and the Paying Agency. Across the EU-27 implementation procedures are very varied – mainly because of: (i) the institutional level at which the policy governance takes place; and (ii) the extent to which operational responsibilities for the delivery of the RDPs are devolved or delegated to subordinated agencies or bodies.

The most fundamental diversity is the extent to which implementation is centralised. In this respect, the case studies found a "continuum" of MS, running from the most centralised (LV, BG, IE, DK, PL) to the most decentralised (AT, FR, IT, ES, DE). The overall level of "decentralisation" in a MS's implementation approach depends on various factors – not only on whether one or several programmes operate on its territory. Other influences include the

division of competences according to national legislation and the range of bodies which have a significant role in co-financing measures.

With particular reference to the Paying Agency cases have been reported - especially in the newer MS¹ - where it assumes a larger role than that specified in the regulations.

Legal basis of the implementation procedures

National and regional authorities often see the implementing rules set at EU level as complex and unclear. Whether or not this is true, where possible the EU legislation avoids being overly prescriptive: it leaves room to MS - which are responsible for RDP delivery - to set up their own detailed procedures within their own national legislative frameworks.

Some MS actively 'use' the non-prescriptive nature of the EU legislation when defining their national and regional implementation procedures. Examples of this can be found in Denmark, France and Germany. In such cases the RDP implementation rules specifically accommodate the national legislative framework and / or mould the EU legislation to better fit the national administrative culture and rural development objectives.

In some cases, MS have introduced overly rigid or complex implementation rules and/or non-timely implementation procedures at national level. This has sometimes contributed significantly to 'administrative overload'. In two of the MS case studies (BG and HU), the national administrations have chosen to adopt specific legislative instruments to implement the RDPs. As a minimum, this mechanism adds an administrative layer. In practice this means extra administrative requirements, including for beneficiaries.

Such problems may have arisen partly because some MS – with limited experience of interpreting EU legislation – felt obliged to transpose the legislation with a rigidity which was in fact not required. Such misunderstandings then influence national procedures and legal instruments. Examples of this are very evident in BG and HU, but also exist elsewhere, particularly, but not only, in the newer MS.

In Finland² issues exist regarding the application of the legislative framework because the main implementing bodies (MA and PA) have a different perspective and approach to the interpretation of the EU legislation. Their day-to-day working framework (the main EU regulations they refer to) is different and not always adequately harmonised. This causes, from the national point of view, asymmetries in applying the law on the same matter, lack of coordination and consistent indications to beneficiaries who, at the end, are the most discouraged by the complexity of the legal mechanisms.

Coordination between implementing bodies

¹ For example, in Bulgaria and Poland, the implementation of axes 1, 2 and 3 is delegated to the PA. See section 3.3.1 pp. [55-56] of this report.

² Example derives from TWG4 discussions.

Both the centralised and decentralised implementation models examined exhibit strengths and weaknesses. The case studies identified a sizeable number of positive examples of effective implementation management (including in AT, DE, ES, FR and IT³) stemming principally from good coordination between the various mandated bodies. However, in too many cases there has been poor communication, particularly between the MA and PA, whatever the degree of centralisation. This and also inadequate administrative capacity (see sub-section below) have led to a range of further problems, many of which delay implementation and impact directly on beneficiaries. Poor coordination also means that potential synergies (between measures, and between elements at other levels of the delivery process) are not identified / realised – though this is much more difficult to assess.

Partnership principle

Overall, vertical partnership⁴ and horizontal partnership⁵ have worked well in the majority of the MS covered by the case studies. However, there was one systematic exception: in MS which had not adopted a regional programming approach, relations between the EC and regional administrations were almost non-existent. This is significant: even in MS with a single RDP or mainland RDP⁶, regional structures are usually very important in RDP delivery.

The vertical partnership between the EC and the MS/regions operates differently at different stages of the programming cycle.

The Monitoring Committee is a key entity for applying the partnership principle. The detailed rules of MCs vary considerably, particularly with regard to voting rights. The *modus operandi* of MCs also varies and, unsurprisingly, there seems to be some trade-off between its efficiency and the application of the partnership principle.

The National Rural Network is almost universally considered as being potentially an important actor for the implementation and functioning of the partnership principle. However, it appears to fulfil this potential only in a minority of MS, for example AT and LV.

Coordination in general and between funds

With regard to delivery mechanisms as a whole, the main stakeholders cooperate with a positive attitude. This includes the EC and the main national and regional bodies with responsibility for management and delivery of the RDPs. The majority of MS considered have in place specific coordination procedures among the ministries and other bodies involved in the implementation of different programmes supported by different funds.

Coordination is pursued by ensuring *complementarity* among and *demarcation* between different funds. Overall, demarcation works well. Demarcation between the first and second

³ For details see section 3.3.3.

⁴ Main actors being the EC, MA, PA, MC and regional and local authorities.

⁵ Principally considered here as the relations between the public and private stakeholders at national level.

⁶ FR and FI.

pillars of the CAP⁷ was considered challenging in at least two thirds of the MS covered, but in all cases the potential or actual difficulties have been solved. However, complementarity has worked less well. Some national administrations see demarcation as a legal obligation but view complementarity as a secondary concern. In these cases, administrations do not coordinate complementary activities or identify potential synergies.

In a few MS there is insufficient communication between the administrative bodies dealing with different funds (arguably in BG and GR). In others, coordination mechanisms are operational but have contributed to complementarity less than expected. In some of these cases (for example HU, PL), this is seen as due to the absence of a sound strategic framework at national level, not due to a failure of the coordinating mechanisms themselves.

Conversely, where comprehensive strategies exist (at national level for centralised countries, regional level for decentralised MS), and where these are combined with effective coordination mechanisms, complementarity can be achieved. A good example of this is DK. Territorial approaches to implementing development programmes (for example in ES, IE, DE-RP and FR) also appear to facilitate coordination and integration between different policies.

Leader

The TWG4 case studies considered the topic 'Implementation of the Leader approach and similar integrated territorial development strategies', but as in only one of the 12 MS / regions covered was an additional integrated territorial approach examined, the findings are specifically related to Leader. The TWG4-commissioned work has also been strengthened by taking into account the relevant outcomes of the first three ENRD Leader subcommittee Focus Groups on Leader.

The scope of Leader mainstreaming differs widely between MS. In half of the RDPs examined in the case studies (6 of 12) no restrictions to mainstreaming were applied, potentially allowing all three thematic axes to be delivered through Leader; 4 of the remaining 6 focused on support to the objectives of axis 1 and / or axis 3. Where the Leader approach may be applied to axis 1 or axis 2 measures, in the majority of cases only certain measures are eligible.

In terms of the actors involved in the delivery of Leader, the division of responsibilities and tasks also differs widely between MS. The ENRD Leader Subcommittee Focus Group on 'The implementation of the bottom-up approach' reviewed and analysed the Leader approach in 24 MS covering 66 RDPs, and identified three models of Leader implementation:

1. decentralisation of project selection competence (used in 19 of 24 MS);
2. decentralisation of project selection and payment competence (used in 4 of 24 MS);
3. decentralisation of project approval (used in 12 MS).

⁷ Specifically between (i) the financial support established under pillar 1 of the CAP in relation to art. 68 of Council Regulation (EC) N° 73/2009 which establishes common rules for direct support schemes for farmers and (ii) the EAFRD.

There is no universally practised division of responsibilities between the Managing Authority, the Paying Agency and the LAG. In the majority of MS, LAGs are principally responsible for implementation, but the degree of the programme authorities' involvement varies considerably. The majority of the newer MS apply the first model, which gives the least autonomy to LAGs. This in part reflects levels of experience and administrative know-how, but in some cases reflects a lack of trust between actors.

In MS there is widespread concern about possible conflict between the fact of mainstreaming (i.e. Leader becoming a part of the EAFRD) and the need to retain the key elements of the Leader approach - particularly its innovative character. As the case studies show (e.g. for ES, LV, IT, PL, HU, DK), the transition from rules of a Community Initiative to those of the EAFRD has been difficult. For most programmes the new rules and operating practices are more constraining and burdensome than those applying to the Leader+ groups. Leader projects delivered using measures under the other EAFRD axes have to conform to the requirements for each individual measure funded. This fact is central to a concern that in many situations the Leader added value is reduced or lost; a risk is even perceived that Leader could become "just another delivery method" for the various measures in a RDP.

The issues related to Leader in the new programming period – other than mainstreaming *per se*, but often resulting from mainstreaming to a certain extent - may be placed in three categories.

1. **Issues around the LAGs themselves and their day-to-day management**, such as: the division of roles / tasks between the implementing authorities and LAGs and the relationship between them; the level of knowledge and skills of LAG managers and staff; and the administrative burden. The potential added value of LAGs' administrative autonomy and administrative capacity could not be realised in a 'mainstreamed' situation with more complex rules on controls, eligibility and co-financing. In at least a significant minority of MS, LAGs typically have insufficient administrative capacity for their administrative and managerial tasks. Also, in some cases the division of roles between the MA, PA and LAG remains unclear.
2. **Issues concerning the Local Development Strategies**, for instance: their variable quality; the short time available for planning; project eligibility criteria; and management and control issues related to specific types of projects - particularly small-scale projects and complex projects. Regarding complex projects (i.e. those comprising a number of operations eligible under several measures): most are implemented on a measure-by-measure basis – i.e. they are divided into sub-projects which are funded individually by different measures. This constrains projects which could benefit from a more integrated approach combining the operations of several measures. Nevertheless, complex projects have been successfully implemented in a few programmes outside the scope of the pre-defined measures.
3. **Various financial problems** related to: co-financing; competing national financing; harmonisation with other financing sources; and financing the operational costs of the LAGs themselves.

Monitoring and Evaluation

Monitoring and evaluation of the EAFRD are undertaken primarily through the CMEF. This is a major European and MS level instrument, the evaluation arm of which has its own European network, the European Evaluation Network for Rural Development.

According to the case studies, the principal organisations responsible for the M&E process (EC, MA and MC) perform the tasks as specified in the EAFRD legislation. However, the detailed institutional settings vary significantly between MS/regions and other actors become involved in varying ways - including the Paying Agency, independent evaluators, statistical and research organisations, specially commissioned working groups, NRNs and other networks. In practice the PA is an important actor in the overall monitoring process, in collecting data, and reporting to the MC and/or national and EU institutions, although this is not specified in the legal basis of the EAFRD.

The CMEF has a very wide scope and only became operational in the current programming round. Not surprisingly, therefore, M&E of the RDPs are seen as complex tasks and the case studies revealed a number of problems. These may be placed into four categories:

1. **Methods and techniques.** There have been methodological difficulties associated with the design of indicators, and technical difficulties related to collecting, aggregating and processing data for the purposes of the CMEF. Together these have made it difficult to adapt the CMEF framework to the distinctive features of the MS / regions while retaining comparability at EU level.
2. **Operation of IT systems.** Several of the MS / regions examined experienced significant problems in the functioning of the IT systems related to the CMEF (BG, DE-RP, IE, IT-ER, PL). The identified problems related mostly to entering and processing data, data transfer between the PA and the MA and dependence on previously existing software systems (especially IACS).
3. **Impact assessment, changes to the policy framework and multiple intervening factors.** Measuring the impact of policy is always challenging. Arguably, the CMEF's ability to measure impact is limited because it focuses sharply on quantified indicators which do not by themselves provide a clear picture: qualitative approaches are also needed. Another problem lies in the time constraints of the prescribed system. These characteristics make it particularly difficult to evaluate the impact of Leader.
4. **Relations between actors, coordination mechanisms.** Good cooperation and a clear division of tasks between the major actors in the M&E system seem to be essential for good performance. In several of the MS / regions examined, good and efficient relationships between the MS and EC clearly exist (e.g. in BG, DE-RP, IE, LV, PL). However, good cooperation is not universal. In particular, in a minority of MS / regions cooperation between the MA and the PA could be more effective.

Control systems and obligations of beneficiaries / recipients of aid

According to the relevant Council regulations, the PAs must ensure that sufficient guarantees are provided in relation to the eligibility of requests for support, that procedures for allocating aid are followed and that support is granted in compliance with Community rules. Therefore, the PAs are fully responsible for controls; however, the rules do not forbid them to delegate control tasks to other institutions, including the MA.

Most control functions are carried out directly by the PAs in the MS / regions examined. Nevertheless, there are variations between MS in terms of the types of mechanisms developed in order to coordinate the work of the MA and the PA and the role of other institutions in the control tasks (delegated functions).

In some MS where the PA has not delegated any of the control tasks (for example BG and HU), a range of stakeholders claimed that the PA had 'too much responsibility and power', and that in practice it overrules the MA on control issues.

The current rules do hand the PA full powers over controls. However, not all national stakeholders consider that the MA has actually lost authority over the PA. Where this is a concern, weaknesses in the cooperation and / or coordination mechanisms between the MA and PA(s) were evident.

In most of the MS case studies various stakeholders described controls as too strict, complex, burdensome and costly. The case studies endeavoured to identify the factors underlying this perception. Two systemic factors were identified:-

1. Compared to the previous period, the PA is more extensively involved in delivery mechanisms which have become more specific. As control is the PA's *raison d'être*, this has increased the perception of over-control and over-bureaucratisation.
2. EU requirements are seen as more stringent in the current programming period than previously, especially concerning the control practices of EC auditors and the interpretation of rules provided to MS by EU officials. MS officials are often conscious that any contravention of the rules at any level or on any scale can lead to problems for the whole programme – for example in terms of large fines and / or disallowed expenditure. The default position therefore becomes to insist on (or to accept what appear to be) the most stringent levels of controls.

Specific factors identified included: (i) particularly complex and costly requirements in relation to axis 2 measures; (ii) disproportionate controls in relation to small projects; (iii) problems linked to ICT systems in some MS (e.g. LPIS in GR, IACS in HU and systems integration in IT).

Interface with beneficiaries

The TWG4 case studies were not designed primarily to examine the experiences of beneficiaries. Specifically, no beneficiary survey was conducted as part of the MS case studies, although focus groups including representatives of beneficiary organisations were held.

Various specific aspects of the RDP delivery mechanisms already discussed above include a dimension relating to the interface with beneficiaries. According to many interviewees in all of the MS, the administrative burden for beneficiaries has increased significantly since the previous programming periods and application processes are very demanding – with regard to certain measures in some MS, and more generally in other MS. In some MS this is partly due to national licensing requirements (mostly related to investments – e.g. building permits) and the range of additional documentation required.

Other problems experienced by beneficiaries include: the fact that the high cost of preparing applications is not then considered eligible expenditure (e.g. DK and PL); difficulties with preparing and implementing environmental plans (for both this and the previous point, see also the discussion on advice provision below); unclear application instructions; and late announcements and / or changes to calls for tenders.

In the majority of MS examined, most beneficiaries / potential beneficiaries seek advice from one or more organisation(s) offering advice even when they are confident about preparing an application for support. The most often quoted reason for this is that the beneficiaries want to 'be on the safe side' and not risk making one small mistake which could then delay or compromise their whole application.

The structure, type and comprehensiveness of support services vary from country to country. In some MS / regions (e.g. ES-Catalonia) complex services are available to support beneficiaries during all stages of the project cycle. The overall quality of support available varies from country to country, as do the skills and knowledge of individual advisors.

In isolated cases, significant delays have occurred (i.e. months rather than weeks) in the processing of applications and execution of payments.

Administrative / human resources capacity constraints

According to most of the case studies, administrative and human capacity constraints operated in one or more of the elements of the delivery process. Not infrequently, these constraints directly affect delivery, particularly by causing delays. Serious bottlenecks appear to be associated with high staff turnover, a lack of staff with relevant experience in individual administrative bodies and / or insufficient resources in one or more decision-making units within a centralised delivery system.

Proposed steps to improvement

Sharing of 'good practice' between MS/regions

The majority of the issues and problems summarised in the previous section were found in some but not all the MS/regions examined. Importantly, a large number of positive examples of 'things working well' were also identified. And among these exist – **potentially** - at least partial solutions, which could be applied case by case to a significant number of the issues identified. The word "potentially" is highlighted as every MS / region has a specific institutional, legal and operational context.

Therefore, the first proposed step to improvement is to systematically share among the MS' MAs, PAs and other implementing bodies the positive examples of "what works well". The institutions responsible for managing the RDPs are not natural 'networking institutions'. This means: firstly, that there may be much valuable information which has not yet been shared; and secondly, that the process of sharing will need to be championed actively. TWG4 proposes the ENRD for this task.

Annex 1 provides a summary table of 72 examples of positive practices observed in particular MS/regions in their delivery mechanisms for rural development policy. They are listed under the nine topics into which delivery mechanisms have been divided in chapter three of this final report.

Common areas for improvement, and who should address them

Based on the main findings of the work of TWG4, some of the problems reported in the preceding sections above have common origins and / or suggest common solutions. In total, six main areas for improvement have been identified from the ten themes originally considered in all the case studies and in the analysis. These six are:

1. Sharpening the focus on policy goals and strengthening coherence through the delivery chain.
2. Offering fewer, simpler measures and more flexibility in their use.
3. Devising and implementing specific conditions for Leader.
4. Improving implementation rules (including applications and controls).
5. Further enhancing M&E as a support tool for making and implementing policy.
6. Improving coordination and exchange of information.

EU rural development policy is a shared-management policy. Therefore, all six of the common areas for improvement will require attention at both the EU level and by MS/regional administrations.

The EU and MS / regional administrations have different roles to play, both with regard to each of the specific areas for improvement and more generally, reflecting their relative positions in the jointly managed policy.

The role of the EU

It is at the EU level that *common, horizontal difficulties* can and should be considered. In order to improve all the different phases of preparing national / regional delivery procedures, the EU level (and the EU itself) should not only be involved in supervision but also more directly concerned with the diversity of delivery systems set up by MS and regions, comparing their effectiveness and influence on the impact of rural policies.

The EU can revise the EC regulations to address those problematic aspects of rural development policy design and delivery which are broadly common to all case studies. In any case, it should be recalled that the legal framework is intended to leave considerable leeway to MS / regions.

In future, when rural development policy is programmed and implemented, the EU should also provide (or help to provide) **much more in the way of guidance** as to what different types of implementation rules are possible within the EU regulatory framework.

The role of the MS/regions

MS and regions have the most important role to play in delivery mechanisms. As the case studies show, MS and regions have gone about designing their strategies, programmes and implementation systems in very different ways, based on their individual institutional settings and influenced by their past practices. In particular, the delivery practices of centralised and decentralised MS show substantial differences which cannot be modified easily or quickly.

The various approaches to managing policy, as well as the specific national / regional mechanisms examined, show various strengths and weaknesses. Thus, there is no most effective 'standard model' towards which MS and regions should be directed.

However, in general MS / regions could make their delivery mechanisms more effective by:

Increasing emphasis on institutional capacity building

As the case studies show, organising delivery systems for EU co-financed programmes is mostly a learning-by-doing process: the most effective administrations typically have officials who have been longer in the job.

Although many officials receive training at the beginning of each programming period to understand the changes that have been introduced, this and other forms of capacity building usually remain generic and do not deal with problematic aspects of delivery. Questions on these specific problems are mostly dealt by bilateral exchanges between management authorities and desk officers from the services of the Commission.

Thus, *specific training and knowledge transfer* both within and between national and regional administrations are important.

Ensuring adequate and effective implementation capacity.

Insufficient administrative capacity has caused specific problems in a minority of MS/regions. Public sector administrative capacity is an issue which goes beyond rural development policy, but it certainly has an impact (often negative) on rural development policy – including on beneficiaries.

Apart from overall capacity, in a number of MS / regions, problems with ICT systems have led to specific implementation bottlenecks. Therefore, where significant problems of this sort exist, it is important that MS / regions should allocate sufficient resources to improving ICT systems, processes and capabilities.

Sharpening the focus on policy goals and strengthening coherence through the delivery chain

Individual aspects of the delivery process – the ten original themes structuring the analysis of the case studies - should not only be dealt with individually, because choices made in one phase of the delivery process may set the scene for the options available in other phases, as the case studies have confirmed.

The improvement proposed comprises two main elements:

- 1) strengthening articulation of strategic priorities and targets;
- 2) ensuring that the priorities and targets set are better embedded in the whole of the delivery process.

There should be clear guidance on the role that Pillar II of the CAP should play in putting together comprehensive strategies for rural areas. This would strengthen the strategic approach and its subsequent implementation, even if the approach remained predominantly sectoral.

This strengthening should take place both in RDP design and in the subsequent choice of implementation procedures. Strengthening requires more than just a clear national or programme-level strategy, against which RDP performance will be assessed. The link between the SWOT analysis and NSP / RDP(s) should also be strengthened.

Regarding the future EU regulation(s), structures which allow a given measure to contribute to one objective only should be avoided, as these encourage path-dependency.

In practice, in most of the case studies, one of the first things discussed was the allocation of funding between axes. In some cases this has become a tool for addressing priorities by answering the question “Who should benefit from the policy?” rather than “What objectives should be pursued by the policy?”. This latter question is the one that should be used. It will positively influence consultation procedures and implementation (in terms of levels of

funding made available in successive calls for proposals, targeting, eligibility criteria, and selection criteria) and will show afterwards in controls, monitoring and evaluation.

This suggested revision concerns the way in which RDPs are conceived and how MAs put them together, following a common template and in broad consultation with relevant stakeholders. The focus should be on programmes' balance, clear priorities and modes of delivery, designed on the basis of a selective and shared vision of how best to achieve such goals. Creating RDPs should not be an exercise in using all the instruments on offer simply because they are available.

The current guidance on EAFRD programming emphasises the use of SWOT analyses to set RDP priorities which in turn guide measure choices, budgetary allocations and criteria for targeting. Yet in many instances, priorities appear to be guided much more by the architecture of the EU Regulation and the issue of who the beneficiaries should be, with only weak regard to the needs and opportunities identified from the SWOT analyses.

Targeting

Targeting is considered the key to embedding strategic goals in the implementation of the RDPs. It should be used more – and more explicitly.

Targeting may refer to areas, types of projects or types of beneficiaries. Given the predominance of spending on the farm sector, and given the common perception that spending on this sector need not rely much on territorial targeting or definition of rural areas (with some exceptions, such as the case of Natura 2000 areas), it is no surprise that territorial targeting is weak in most programmes, and then limited to the 3rd and 4th (Leader) axes. Even for these interventions it is common to consider all the areas defined as "rural" as eligible, rather than to differentiate rural areas and make a narrower selection.

In some cases, targeting is carried out mostly through eligibility conditions and co-financing rates. Targeting by type of projects also occurs, but the most widespread form of targeting is by type of beneficiaries. This is usually carried out through eligibility conditions – which sometimes vary over time and in successive calls for applications. This procedure for targeting is usually not spelt out explicitly in the strategy / programme – even though it is highly selective and is likely to have considerable influence on the results and impact of rural policy (by restricting those who can benefit from it).

Importantly, measures should be targeted and deployed in such a way as to maximise their effectiveness by responding to specific local challenges. According to the case studies, in some instances the fear of negative audits and consequent disallowance of expenditure has made authorities (at national / regional levels) risk-averse and discouraged them from using funds in ambitious ways. This has compromised performance.

Sharpening focus on policy goals and strengthening coherence through the delivery chain	
Improvement	Level of action
Improve linkages between the CAP 2 nd Pillar and the EU strategic priorities (in future - EU 2020 Strategy), including through well-defined qualitative and quantitative targets.	EU
Strengthen coherence between targeting the RDP intervention and the strategic priorities – more use of rural typology definitions, with encouragement from the EU level	EU, MS, regions,
Ensure coherence between strategic goals and definition of eligibility / selection criteria	MS, regions
Improve effective involvement of stakeholders and MC in strategy definition.	EU, MS, regions
Improve definition of MC's role in decision-making process (shifting from "administrative" towards a more functional role).	EU
Ensure equal involvement of the institutional and socio-economic partners in decision-making process (including, possibly, allocating equal share of voting rights).	MS, regions
Raise awareness of private and public stakeholders of the partnership principle	EU, MS, regions
Ensure right timing for drafting process of the NSP and RDP.	EU, MS, regions
Merge NSP and RDP in one document in centralised MS.	EU
Reinforce guidance and coordination role of NSP in decentralised MS.	EU, MS
Improve capacity building and retention of the staff involved in programming.	MS, regions
Increase use of expertise provided by regional / local authorities in programming.	MS

Offering fewer, simpler measures and more flexibility in their use

Fewer, simpler measures

A framework with fewer, more simply defined measures could be more easily adapted to meet national, regional and EU-level goals.

If measure definitions were broader (at EU level and national / regional level), and combinations of them were guided by priorities, this could reduce the number and weight of modifications requiring formal approval. That could also address concerns related to monitoring and control by reducing the amount of detail needed for these activities.

Flexibility

In order to address particular needs in particular contexts, it is important to have the flexibility not only to adapt individual measures but also to combine and even pre-package them, including across axes. Combination and pre-packaging are possible in the existing regulatory framework, but not easy – and this difficulty encourages approaches based too much on individual measures. Such approaches are segmented and reflect the gradual historical addition of measures inherited from the past; they do not support a "strategic" approach, and are often at odds with it.

Nevertheless, in the current period there are good examples of measures which are combined, including across axes. In some case studies, attempts were made to state first an objective, then to identify the mix of measures best suited to achieving it. In terms of delivery this has implied offering fixed packages (DK for environment, IT-Emilia Romagna for food chains) or giving preference to beneficiaries asking for an integrated set of measures (ES-Catalonia). In each case the MS or region in question 'invented' the procedures to be followed.

In future, there should be clear legal provision and active encouragement for combining and sometimes pre-packaging measures. This approach would be strongest if it was combined with removal of the current rigidities between axes. Overall, revisions of current practice and structure are needed.

Offering fewer, simpler measures and more flexibility in their use	
Improvement	Level of action:
Simplify conditions for RDP modifications/approval.	EU
Shift from programming approach guided excessively by "rules and tools" (axes, measures) to one guided by objectives.	EU, MS / regions
Reduce number of measures	EU
Simplify measure descriptions	EU, MS / regions
Improve design of the agri-environment measure in particular	(EU), MS / regions
Envisage differentiated types of measures such as: 1) predefined and simplified measures addressing specific sectoral needs / beneficiaries; 2) thematic measures defining areas of intervention (e.g. tourism, infrastructures).	EU
Introduce a more flexible approach towards balancing minimum thresholds for financial allocation (e.g. by priority).	EU

Devising and implementing specific conditions for Leader

Leader as a separate EU initiative has been a success. However, in the current programming period, after its mainstreaming, there is concern arising from problems in Leader implementation. There is evidence that the administrative, reporting and control burdens upon LAGs who are attempting to deliver a number of axes / measures under the main EAFRD menu are compromising some of the key principles of the Leader approach. Most notably, these include:

- its capacity to foster and stimulate innovation;
- its practical ability to design *ad hoc* measures in all dimensions of rural development;
- its emphasis upon cross-sectoral and integrated action;
- its 'bottom up' process of defining a local strategy for effective rural development and then implementing it with specifically designed delivery procedures, which are different from those included in the standard menu of measures.

At the EU level:

To address these difficulties, the following elements should be more clearly included in the regulatory framework, and associated guidance:

- explicit reference in the regulations to the distinctive nature of the delivery mechanisms attached to the Leader approach;
- indication of how coordination between multi-sector and multi-funded interventions may take place;
- clarification and reduction of (or financial compensation for) the management and administrative tasks of LAGs;
- allowance for the higher risk implicit in innovative projects (small amounts of funding against greater freedom).

At the MS / regional level:

- MS / regional administrations should take a more risk-tolerant attitude to implementing a new Leader initiative / model and provide better incentives for innovation in programme delivery styles and processes. In the new programming period this could be through: imaginative use of the 'human capital' and 'local strategy' elements of a new RD menu of measures; and initiatives drawn up by the national or regional administrations, using their own funds.

Devise and implement specific conditions for Leader	
Improvement	Level of action
Clarify basic tasks for LAGs.	EU
Clarify division of responsibilities and tasks between LAGs and the various RDP implementing authorities in the early stage of	EU, MS, regions

RDP implementation.	
Improve information flow between MA, PA and LAGs.	MS, regions
Provide capacity building to LAGs (through NRN).	MS
Provide capacity building at different administrative levels implementing RDP to improve understanding of Leader's distinctive features.	EU, MS, regions
Enhance formal / informal networking between LAGs; facilitate information exchange among actors through NRN.	EU, MS, regions
Improve guidelines for implementation of the Leader approach.	EU
Ensure adequate financial and staff resources for LAGs.	EU, MS, regions
Differentiate eligibility rules and procedures for Leader from those applied to measures under the other axes (with particular reference to integrated/complex projects).	EU, MS, regions
Introduce special risk assessment criteria, taking into account size and innovative character of projects.	EU, MS
Introduce separate funding rules for LAGs and small projects from those applied to axes 1-3 (e.g. private and national co-financing thresholds).	EU, MS
Establish national / regional / local funds to ensure that beneficiaries can obtain public co-financing at the same time as EAFRD aid.	MS , regions
Relate 20% ceiling (running costs) only to those minimum LAG functions, which are established at the EU level, with possibility of derogation where additional tasks have been delegated to LAGs (e.g. payment authorisation, financial controls)	EU
Reconsider the 3% error threshold regulating sanctions mentioned	EU
Improve pre-financing rules for LAGs (advanced payments) and projects.	EU
Consider mainstreaming TNC, making it available within all Pillar 2 measures.	EU

Improving implementation rules (including applications and controls)

Many of the improvements which would benefit implementation are MS / region-specific and not considered here.

At the level of the EU and MS / regions:

- Harmonisation of implementing regulations for rural development should be seen as a specific step towards simplification and decreasing the administrative burdens

faced by both administrations and beneficiaries. Harmonisation will ensure rules are understood and followed unanimously and in a consistent way by all implementing bodies.

- Overall, implementation rules - particularly those relating to eligibility and selection criteria - should be structured to ensure a link with the strategic priorities and goals set.
- Small projects funded within RDPs should be treated differently from other projects in terms of application processes and controls. At present, the conditions of delivery place on small projects a burden which is out of proportion to their potential impact. This can make them too costly for administrations and beneficiaries to pursue. As case studies and TWG4 have noted widely, accountability is important but must be treated proportionately.
- Regarding the level of *appropriate controls*, for RD measures and goals, the objective should be to reduce the administrative burden associated with this process, which is identified by many as onerous. In future, the proportion of projects requiring controls and the number of required checks could be determined differently for different RD objectives or measure types (annual versus capital spending, scale of project, single or multiple goals, nature of beneficiary, etc.).

The case of the Dutch National Subsidy Framework⁸ can be taken into account as a specific example of the adaptation of control practices to the size of the project. By establishing thresholds on the basis of the total cost of the investments, full administrative checks (over cost and performance) or more limited controls (over performance) are undertaken. For projects of limited size a risk-based assessment is carried out for defining a control sample.

In other circumstances the controls could focus upon an 'intermediary' beneficiary – in that the programmes could fund projects led by local collective entities, which then disburse smaller grants to individual private beneficiaries but where the burden of EU-funding inspection and control applies at the level of the collective entity, and not the individual private beneficiary.

Making controls proportionate is not easy (indeed the EC has devoted particular attention to this issue under the simplification agenda in recent years). One benchmark could be that the cost of carrying out controls on expenditure never exceeds a proportion (specified at EU level) of the value of the expenditure itself. It would logically follow from this principle that very small projects would be subject to lighter controls. In some circumstances, control could be focused upon the overall outcome of groups of projects.

⁸ For more information on this case, please refer to the proceedings of the seminar "Ensuring good management of the rural development programmes 2007-2013" hosted by the European Commission's Directorate-general for Agriculture and rural development on the 28-29 September 2010 in Brussels. Presentations are available on the [Europa website](#).

Improved implementation rules (including applications and controls)	
Improvement	Level of action
Justify eligibility and selection criteria by ensuring consistency with strategic priorities / goals.	MS, regions
Establish eligibility / selection criteria through a transparent and open process.	MS, regions
Provide comprehensive EU guidance note to avoid unclear rules which lead to delays and divergent interpretations.	EU
Promote EU-wide best practice examples and exchanges of information between those involved in criteria design.	EU
Ensure better access for beneficiaries to advisory services and acknowledge advisory service costs as eligible for reimbursement.	MS
Introduce "one-stop-shops" with competent staff for handling beneficiaries	MS, regions
Introduce 'two-step' application procedures for investments and other measures necessarily requiring large amounts of documentation. (Complete data are required only at the second step for the preselected projects.)	MS, regions
Improve IT systems and procedures for collecting and processing applications.	MS, regions
Clarify roles and responsibilities of MA / PA (emphasis on efficient procedures as well as institutional competencies).	EU, MS
Identify good cooperation practices between MA and PA on control procedures and promoting them.	EU, MS
Provide consistent interpretations of control rules.	EU
Establish clear control requirements for Pillar 2 measures – not necessarily the same as those applied under Pillar 1.	EU
In a limited number of cases, consider introducing control criteria appropriate to the distinctive features of measures.	EU
Put stronger emphasis on expected outcomes rather than control capacities.	MS, regions
Reduce administrative burden for beneficiaries, simplify application forms and procedures (e.g. by introducing two-step procedures, lump sums, standard costs) with particular reference to small projects.	MS, regions
Promote good practice in terms of reducing administrative burden.	EU, MS
Consult beneficiary organisations prior to call for proposals	MS, regions

(to the extent possible without creating conflicts of interest).	
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Further enhance M&E as a support tool for policy implementation and making

To be effective, the monitoring and evaluation system needs to be simple enough to be manageable for all MS / regions. In this sense, it should be sensitive to the varied capacity of administrations to track and collate evidence on programme performance, particularly in those countries and regions with less previous experience of these tasks.

This would help national and regional authorities to see M&E less as principally a burden on them which generates information only for the EC, and more as an exercise which will help them to test the practicality of a given RDP's approach.

One of the most important characteristics of a good evaluation is its usefulness as a learning instrument for programme improvement. Both of these processes should actively involve various local, regional and national actors.

At the EU level:

- In order to make progress on all the above aims without significantly increasing the resource demands of monitoring and evaluation, *the CMEF should be simplified*. It should include fewer common indicators and leave more scope to design evaluations to meet domestic as well as EU needs – while still allowing comparison across the EU.

Jointly at the EU and MS / regional levels:

- The EU and MS administrations should place more emphasis in evaluations on the quality of projects / operations supported and on ways of improving programme performance. They should be less preoccupied with measuring quantified output and result indicators for each individual measure. Rather, quantitative targets should be kept for identified strategic priorities; and overall, fewer indicators should be used. This change in emphasis would help to address various current concerns - e.g. poor data, lack of indicators, absence of baselines, unclear responsibility for data collection, difficulty in using CMEF indicators, cost burden. Such concerns are present in most of the Member States covered by the case studies.
- The synergies between the processes of evaluation, information exchange and networking should be strengthened. To this end, the European Evaluation Network for Rural development should operate in a more informal fashion or could be amalgamated with the ENRD. This would widen participation in evaluation and make clear – especially to MAs - that evaluation of rural development policy is a means to an end, not an end in itself.

At the MS / regional level:

- Information from monitoring and evaluation should always be used constructively in programme management. All relevant stakeholders should have the opportunity to learn timely lessons about RDP implementation and outcomes from the processes of programme monitoring, annual reporting and on-going evaluation. To achieve this, these processes should be re-examined, as should the respective roles of MCs and NRNs.
- A greater sense of "ownership" of monitoring and evaluation should replace a current perception – identified in several case studies – that these processes are simply an onerous burden carried out "for someone else" rather than an accessible management tool.

Proposals to further enhance M&E as a policy support tool for policy implementation and making	
Improvement	Level of action
Improve definitions and methodology for measuring indicators.	EU
Link definitions of indicators with the strategic objectives (limited in number, clear and prioritised).	EU
Set forecast values of indicators – i.e. EU-level "targets" (to provide a reference for MS on quantified targets).	EU
Improve the framework for the M&E of Leader and small projects, respecting their particular character.	EU
Collect data more systematically and with a long-term perspective	MS, regions
Improve ICT systems and procedures for collecting, processing and transferring data.	MS, regions
Improve data flows and communication between authorities involved in monitoring RDPs.	MS, regions
Enhance interaction between EC and MS (e.g. by more frequent presence of desk officers in MC meetings)	EU, MS
Improve coordination of monitoring process and tools between different administrative levels in decentralised MS.	MS, regions

Overall the value of M&E measurements would be increased if all interventions having an impact on rural areas were considered. This is not being proposed here as it is extremely ambitious and would mean considering other EU funds and nationally funded interventions. Nevertheless it is mentioned as it would allow a much more comprehensive comparison of 'who does what' with 'what results in promoting the sustainable development of rural areas'.

Improving coordination and exchange of information

At present, few coordination instruments and bodies – especially of a horizontal nature – intervene in rural development policy. Coordination should be improved, for three reasons. First, this would lessen the risk that rural development policy loses its comprehensive character and retreats into being a mainly sectoral policy. Secondly, it could cut the high transaction costs which arise from the involvement of multiple administrations - separately and at different institutional levels – in a given area. Thirdly, it would give a voice to different actors.

MS approach both *vertical* and *horizontal* coordination in various ways. Procedures for demarcation (avoiding overlaps between policies) are in place and are generally effective. On the other hand, ensuring coherence and complementarity between policies is treated as a mostly formal task – which is carried out relatively poorly. Whatever their exact form, coordination structures and procedures should always be an integral part of delivery mechanisms. They also help to provide useful checks and balances between different partners – thus reducing actual, potential or perceived imbalances of power.

At the EU level:

- Strengthening policy goals and setting them out clearly (see above) should lead to greater efforts at coordination – as the goals will not be achieved otherwise.
- The regulation(s) and associated guidance and supervision (where this is applicable) should ensure that complementarity is addressed – not only demarcation.
- Harmonisation of rules at the implementing level including payments and controls will improve coordination among funds and would provide a simpler framework for implementing small-size or complex projects. Clear harmonised rules should be put in place in an early stage of the programming process allowing national and regional administration to set up their procedures right from the beginning.
- A common strategic framework should be introduced for all EU funds.

Jointly at the EU and MS / regional levels:

- Networking between administrations holds considerable potential for producing tried and tested solutions. Therefore, such networking should be strengthened. This is already the role of the ENRD and the NRNs, but the process should be reinforced. In particular, information on the functioning of delivery systems should be exchanged more often and more freely / informally; this would assist decisions on enhancements and revisions.

At the MS / regional level:

- In coordinating the various funds and policy strands which affect rural areas, it is *essential to go beyond the simple task of demarcation* and work for full complementarity in the pursuit of positive and sustainable rural development. Therefore, effective communication channels between these policies must be developed.

- Adequate resources should be available for networking among local and regional level RD implementers and stakeholders, and between different areas - in the pursuit of better delivery approaches.

Proposals for improving coordination and exchange	
Improvement	Level of action
Increase focus on cooperation and coordination between authorities involved in implementation.	MS, regions
Ensure that the partnership principle is applied correctly between NRNs and MAs	EU, MS
Encourage participation of stakeholders and exchanges with public authorities through the NRN.	EU, MS
Increase use of ENRD for addressing different forms of cooperation and exchanges between partners at the EU level.	EU, MS
Improve demarcation lines for factual coordination between policies	EU, MS, regions
Improve strategic planning and synergies between policies addressing similar fields of intervention.	EU, MS, regions
Introduce a common strategic framework with focus on common objectives and potential synergies.	EU, MS
Envisage joint MCs for different EU funds / programmes	MS, regions
Set up dedicated bodies for ensuring / improving coordination and fostering a culture of co-operation.	MS, regions

