



Thematic Working Group 4
Delivery Mechanisms of Rural Development Policy
Final Report

December 2011



Connecting Rural Europe

1 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.

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Abbreviations used

CAP	Common Agricultural Policy
CMEF	Common Monitoring and Evaluation Framework
CP	Contact Point
DG AGRI	Directorate General for Agriculture and Rural Development
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EERP	European Economic Recovery Package
ENRD	European Network for Rural Development
EU	European Union
HC	Health Check (of the CAP)
LAG	Local Action Group
MA	Managing Authority
M&E	Monitoring and Evaluation
MC	Monitoring Committee
MS	Member State
NNU	National Network Unit (of the NRN)
NRN	National Rural Network
NSP	National Strategy Plan
OECD	Organisation for Economic Co-operation and Development
OP	Operational Programme
PA	Paying Agency
RD	Rural Development
RDP	Rural Development Programme
SF	Structural Funds
SWOT	Strengths, Weaknesses, Opportunities and Threats
TWG	Thematic Working Group

Note: excludes Member State specific abbreviations

2 Methodological approach

2.1 Overview

In order to assess strengths and weaknesses, the delivery system was originally structured into the following 10 topics for the main information gathering and assessment work undertaken:

1. The strategic approach and targeting
2. Programming procedures and financial aspects
3. Architecture of the policy, axes and measures (coverage and eligibility rules)
4. Coordination of policies at programme level (coherence and complementarity in particular with other EU policies)
5. Implementation procedures (applications, selection, payments)
6. Partnership principle (between EU and MS, stakeholder involvement)
7. Implementation of integrated, territorial development strategies (including Leader)
8. Monitoring and evaluation
9. Control systems
10. Obligations of the beneficiaries/recipients of aid

The main source of information for the TWG has been the 12 MS case studies, each covering all ten topics. Other relevant analytical work conducted under the auspices of the ENRD was also used to strengthen the information on a topic-by-topic basis.

The methodologies employed, comparative findings and final results and proposals have all been developed in close consultation, and with the active input of the TWG members, under the guidance of the TWG4 Chairman.

2.2 Case Studies

Selection of Members states / regions

12 Member State case studies were conducted by non-permanent experts of the ENRD Contact Point. The criteria for selection of the cases were:

- to select a group of MSs that, from a preliminary review, have highly differentiated delivery systems;
- to include cases with centralized and decentralized delivery systems at national level;
- to include cases with different financial balance between the different axes;
- to maintain a balance between 'old' (EU-15) and 'newer' (EU-12) and large and small Member States.

The case studies were conducted in two steps. Based on the above criteria, the case studies selected are shown in the table below.

Table No 1 - TWG4 MS/Regional Case Studies (and related abbreviations used in the report)

Step 1	Austria	AT
	Bulgaria	BG
	Ireland	IE
	Italy - Emilia Romagna region	IT-ER
	Latvia	LV
	Spain – Catalonia region	ES-CAT
Step 2	Denmark	DK
	France – Hexagon (i.e. mainland France)	FR
	Germany – Rhineland Palatinate <i>Länder</i>	DE-RP
	Greece	GR
	Hungary	HU
	Poland	PL

Each case study examined the delivery of the rural development policy under the 10 topics specified above. A separate report was produced for each case study covering all of the topics so as to get the full picture of the delivery mechanism and problems associated with it.

Adjustment of the case study method applied during the course of the work

A learning process was built into the design and execution of the case studies.

First, draft guidelines for the researchers, who conducted the interviews, were prepared prior to the commencement of the Step 1 case studies. Initially only field work for two case studies (Austria and Italy Emilia-Romagna) was undertaken. Based on the experience with

these two studies, the guidelines were reviewed and fine-tuned. Subsequently, the remaining four Step 1 cases were conducted.

Based on the experience gained in Step 1, revised guidelines were developed and used for the Step 2 case studies:

- The same 10 topics were investigated, but the information collected and discussions required with interviewees for topics 1 to 3 (those relating to the overall structure of the RDP) was restructured. The reason for this was that Step 1 collected already a relatively large amount of information on these topics, covering various different circumstances for the MS/Regions involved.
- For the topics 'Implementation procedures' and 'Obligations of the beneficiaries', the approach was made more in-depth by the collection detailed information on three measures, one in each of Axes 1, 2 and 3. Namely:
 - measure 121, investments in agricultural holdings;
 - measure 214, agri-environmental payments;
 - measure 321, basic services for the economy and rural population.

A more in-depth approach was applied because the level of detail collected relating to these topics varied considerably in the step one case studies. Also, the TWG4 decided to focus on more concrete examples.

The measures concerned, particularly measure 214, are comprised of sub-measures, the number and content of which vary across MS/regions. Therefore in each Step 2 case study, one or more of the sub-measures of each of the above measures was analysed in order to maintain the objective of keeping the additional measure specific information as concrete as possible.

The interview guidelines formed the basis for the semi-structured interviews. The main source of information for the case studies was these interviews with experts in the administrations and stakeholders from all institutional levels. Respondents included:

- European Commission officials (i.e. Desk Officers responsible for given RDPs);
- officials in Ministries and relevant departments involved in the design, programming, management and implementation of the RDP as a whole or for specific measures (i.e. Managing Authorities of the RDP and measure managers);
- officials in Paying Agencies
- representatives of final beneficiaries (including LAGs);
- officials in national/regional public agencies involved in the delivery process;

- National Rural Network officers;
- evaluators of the RDP;
- technical inspectors performing on-spot checks;
- consultants assisting the beneficiaries in the application process.

An important part of the approach was that the information on each of the 10 topics was collected at all the institutional levels along the delivery chain, in order to capture the broadest range possible of informed respondents' views. The same guidelines were used for all the interviews. All respondents were able to comment on any of the 10 topics under consideration.

There were no interviews with individual beneficiaries. It would have required much more resources and time than was available to conduct a representative final beneficiary survey.

Each case study involved individual interviews and the use of the focus group technique. These small group discussions were conducted particularly with representatives of beneficiary organisations.

The complementary desk research associated with each case study focused on reviewing and understanding the programming documents, guidelines, procedural documents, Monitoring Committee materials, Annual Progress Reports, programme evaluations and the websites of the Ministries, regional departments and other national and regional agencies (including the PAs). For the Step 2 case studies, drafts of the mid-term evaluations were available. More detailed measure and sub-measure specific documentation was also examined (calls for proposals, detailed eligibility and selection criteria guidelines etc.).

Methodological considerations and caveats

Although the information collected through the case studies covers a good number of RDPs (around the 13% of the total, i.e. 12 out of 88) and aims at providing a balanced picture across EU –according to the selection criteria noted above-, the results of this work should by no means be considered exhaustive in respect of the multi-faceted European context.

As the MS case study surveys were interview based, the research has an essentially qualitative approach. It doesn't claim to provide a fully representative picture of the delivery mechanisms put in place across the whole EU.

The work acknowledges and appreciates the variegated universe of delivery procedures encountered in the different EU MS and Regions. They are determined by a range of political and practical choices as wide as the number of institutional settings in place.

It has to be stressed that the information included in this report (with particular reference to the identification of issues) comes from interviews with EU, national and regional officials/actors involved in the implementation of the RDPs. Eventually, it is their view which

is reflected in the results of the work. These have been further refined and developed through discussion within TWG4.

Specific issues linked to national/regional choices in the implementation of the RDP have been reported in the case studies, though emphasis has been given to the identification and the description of common, horizontal problems which require similar remedial actions across the EU, at the appropriate institutional level. This also constitutes the basis upon which suggestions for further improvements and ways forward -presented in the conclusions chapter- have been drawn.

2.3 Other ENRD analyses used

Other analytical work that has been conducted by the ENRD has direct relevance to TWG4 and has informed in general or been specifically taken into account in this report, namely:

- The outcomes of TWGs 1, 2 and 3. In particular, the analysis of territorial targeting approaches applied in 35 RDPs conducted under the auspices of TWG1.
- The findings of the Leader subcommittee Focus Groups 1, 2 and 3. In particular the main findings and recommendations of Focus Group 1 "Implementation of the Leader approach", which included an inventory of Leader implementation models based on all 88 RDPs and an analysis of the approach based on 66 RDPs.

2.4 Structure and content of the Report

This report is divided into two main parts:

First, there is a summary of the case studies by topic. Even though the ten topics indicated in section 2.1 were studied, only eight main headings appear in the summary. In order to avoid overlaps, and ensure a more consistent reporting of the outcomes, the topic 'Architecture of the policy (axes and measures)' is reported on within the topic 'Programming procedures and financial aspects'. Also, 'Obligations of beneficiaries' has been included in 'Implementation procedures'.

Each topic section is divided into three sub-sections:

- who does what;
- assessment of difficulties, how they have been dealt with;
- what has worked well, and innovative suggestions to improve policy delivery.

Second, there is a 'Conclusions' section which identifies:

- Key findings, particularly systemic issues that have emerged in the comparison and analysis of the case studies and other ENRD analytical work.
- Suggestions on what could be improved. These are based primarily on the key findings identified and broken down further, where practicable, into possible improvements that could be made at the European or MS level.

Throughout the report, there are examples drawn directly from the individual reports on the 12 case studies. These examples, although not comprehensive, provide illustrations of particular methods or approaches.

3 Summary of the case studies by topic

3.1 Strategic approach and targeting

The strategic approach to rural development was strengthened in the programming period 2007-2013. Strategic guidelines, which were defined at the EU level, set the overarching priorities of the EU Rural Development policy. Taking the Guidelines into account, Member States were required to develop a National Strategy Plan, which defined the action of the EAFRD at the MS level. The National Strategy Plan also served as reference for the development of the national/regional Rural Development Programme, the main instrument through which the rural development strategy is delivered at national or regional level¹.

According to the EU regulatory framework², the strategic approach for Rural Development included the following steps.

1) The Community strategic guidelines for rural development (2006/144/EC) defined the priorities for the EU rural development policy, namely:

1. improving the competitiveness of the agricultural and forestry sector;
2. improving the environment and the countryside;
3. improving the quality of life in rural areas and encouraging the diversification of the rural economy;
4. building local capacity for employment and diversification;
5. ensuring consistency in programming;
6. ensuring complementarity between Community instruments.

2) The Community strategic guidelines were applied at national level in the National Strategy Plans (NSP):

- A separate NSP document had to be prepared by the Member States. The aim of the NSP is to articulate the EU priorities at the national level, ensure consistency in Community, national and regional priorities, and be a reference tool for preparing the EAFRD programmes.
- The NSP was not formally approved by the Commission, even though it had to be submitted to the Commission examination and comments. Article 12(2) of Council Regulation (EC) N° 1698/2005 obliges the Member State to send NSP to the Commission before submitting the regional/national Rural Development Programme(s) (RDP).

¹ The RDPs were developed and implemented at regional level in the following Member States (the number of regional RDPs in brackets): Belgium (2), Finland (2), France (6), Germany (14), Italy (21), Portugal (3), Spain (17), and United Kingdom (4).

² For an extensive list of the main Regulations for the EU Rural Development policy, see Annex 2

- The NSP drafting process had to comply with MS' institutional arrangements and be undertaken in close collaboration with the Commission and other partners. Article 6 of Council Regulation (EC) N° 1698/2005 requires the participation of the competent regional, local and other public authorities, the economic and social partners, and any other appropriate bodies representing civil society, including non-governmental organizations.
- The content of the NSP is spelled out in Article 11 of Council Regulation (EC) N° 1698/2005. The NSP must include, inter alia, an evaluation of the economic, social and environmental situation, the chosen strategy consistent with the Community strategic guidelines, thematic and territorial priorities and main quantified indicators, a list of the RDPs and the arrangements for the National Rural Network.
- The NSP document may be revised. Article 10 of Council Regulation (EC) N° 1698/2005 foresees NSP reviews in the case of major changes in the Community priorities or the RDPs. In addition, strategy updates are required if there are alterations in the main elements of the NSP.

3) National Strategy Plans were reflected into and implemented by the national/regional Rural Development Programmes.

3.1.1 Who does what

Preparation and drafting of the NSP: main responsibilities

In all the cases examined, the preparation of the National Strategic Plan was undertaken at national/central level (as required by Article 11 of the Council Regulation (EC) N° 1698/2005) under the responsibility of the Ministry of Agriculture/Rural Development. Appointed Departments or Agencies within the Ministry carried out the drafting process, in some cases relying on the support of external bodies (e.g. national research institutes) which provided technical inputs or were involved in the socio-economic and environmental analysis at the national level. In Italy, for example, the Ministry of Agriculture Food and Forestry was supported by the national Institute of the Agricultural economics (INEA); in Latvia, this was the case for the State Institute of Agrarian Economy.

Preparation and drafting of the NSP: timing

The drafting of the NSP and the contextual consultation process took - on average - from one to two years, from the start of the drafting to the final submission to the European Commission. The formal starting point for the drafting and consultation process was the publication of the Council Regulation (EC) N° 1698/2005 (from now on referred to as "the RD regulation") even if some cases are reported of preliminary talking and discussions undertaken prior to this date. The interviewees highlighted that the preparation of the NSP coincided with the conclusion of the 2000-2006 programming period. The first finalised versions of the NSP documents were submitted to the Commission mainly within the year 2007 (with the exception of Poland, August 2006). The NSPs currently in force, however,

were all amended in 2009, following the modifications occurred after the CAP HC and the EERP.

In decentralised³ countries (DE, ES, IT) the drafting of the NSP had to be coordinated with the development of the regional programming documents (see specific issues on this in the following section). Before the national strategy plan was defined, each region started already to develop its individual RDP. This overlapping process generated a situation in which the NSP was built upon the regional programming documents. The NSP often ended up being a composition of specific needs and strategies of the regions. This means, on the other hand, that in order to accommodate divergent needs at the regional level and ensure flexibility, the NSP set wide and broadly defined objectives, which raises legitimate questions on its strategic value (in comparisons, for example, to countries with a single RDP).

Typically, when the regional RDPs were defined and approved, the NSP was revised in order to align the national and the regional documents – especially in terms of quantification of the objectives and targets stemming from the ex-ante evaluation of the RDPs (as required by Article 3(4) of Commission Regulation (EC) N° 1974/2006). In fact -as specified in the Italian case-, this process made the sequencing of the NSP and RDPs, established in the Council Regulation, irrelevant. The same process (i.e. national level to wait for regional choices to be made) applied again when the modification of the RDPs occurred following the CAP HC and the EERP.

Consultation process and outcomes

The definition of the NSP was done in close collaboration with the institutional and socio-economic partners both at national and regional level. The way in which consultation with relevant stakeholders was carried out differs among countries. The main differences were noted in the NSP negotiation process and in the specific institutional arrangements established.

In general, the process descriptions highlight a thorough involvement of the stakeholders, at least at a formal level. In several MS these consultations included the setting up of one or more official⁴ consultative bodies or committees or the use of an existing body. Examples include the “Conference between the State and Regions” and the “Permanent Technical Committee for Agriculture” in Italy, the “Ministry of Agriculture Guidance Group” in Latvia; the “Consultative Partnership Working Group” and sub-groups in Bulgaria; the “Agricultural and rural Council for the Interest reconciliation” in Hungary. In Germany, the design process was furthermore followed-up by the established Monitoring Committee (members included, among others, members of the Ministry of Agriculture, the regional ministries and the federal agricultural research, and the EC as an observer). However, it was common practice (e.g. in BG, DK, DE, FR) to establish a working group at ministerial/departmental level.

³ Throughout this document “decentralised countries” refers to those MS with more than one RDP; conversely, “centralised countries” refers to those MS with a single MS covering the whole a territory of the country.

⁴ The term ‘official’ is used here to mean a body set up by a Government Ministry (usually the MA designate). The mandate of the committees differed between MS, in some cases (e.g. Bulgaria), being legally defined, in others not.

These working groups undertook preliminary discussions and drafted the elements of the strategy plan before a consultation process with the interested actors was launched.

Practices of consultation illustrated in the case studies reports include:

- inter-ministerial consultation (PL, GR, DE);
- setting up of formal committees or bodies (IT);
- working groups (BG, HU, FR);
- meetings with the local institutions (FR, GR, PL);
- surveys among rural development actors (HU, LV);
- conferences, seminars, discussion fora, public hearings (AT, BG, LV and ES at the regional level).
- regional conferences and hearings (DK);
- dissemination activities, including publication of the draft NSP on the Ministry's website (e.g. AT, BG);

The ***Austrian NSP*** was fully elaborated by the Federal Ministry of Agriculture, Forestry, Environment and Water Management (BMLFUW). In its preparation phase, an initial draft version of the strategic document was published on the Ministry's website. Also, a web-based discussion forum was created, thus establishing a discussion platform for the interested stakeholders.

This web-based forum accompanied the actual consultation process. The consultation was officially launched at a national conference on November 2004, where the Commission's policy proposal for rural development policy 2007-2013 was presented. At the same event, a discussion on possible programme elements was initiated in workshops which were established along the main objectives of the proposed regulation.

The consultation process was taken further in a series of dedicated events ("Dialogue Days") from May 2005 to March 2006. Since the discussion on the NSP and the relevant consultation extended and went in-depth over time, also elements of the programme began to be defined. This overlap made the two exercises (strategy definition and programming) very much inter-related.

Event & Date	Strategic and programming aspects covered
Dialogue Day 1 (18/05/2005) (interim debate)	- Reports from the working groups established under the Ministry of Agriculture - Discussion of interim results
Dialogue Day 2 (26/01/2006) (interim debate)	- Presentation of the Community strategic guidelines - <i>Discussion of the Austrian NSP</i>
Dialogue Day 3 (13/03/2006) (final debate)	- <i>NSP – state of play and discussion</i> - Green Pact (draft RDP 'measure package') state of play and discussion

Overall, the NSP initial draft was discussed twice providing an opportunity for informal inputs and comments from the involved stakeholders to be taken into account.

The work on the definition of a national strategy for **Bulgaria** started already in 2004. The process took a long time: the final draft of the strategic document was submitted to the Commission in February 2007. An extensive and articulated consultation process was undertaken after the Ministry of Agriculture approved in 2004 a preliminary document: "Concept for the development of the agriculture and the rural areas for the next programming period". The consultation consisted of 4 main phases:

- A *consultative partnership working group* was established by the Ministry to support the preparation of the RDP. The working group comprised a wide range of stakeholders from the public administration, local authorities, research institutes, trade unions, NGOs and associations. Four sub-groups (along the 4 EAFRD thematic axes) were created to review the "Concept for agriculture and rural development" document prepared by the Ministry and to work out key elements of the draft NSP, taking account the legal provisions established at the EU level.
- In October 2005, a *seminar on EU Rural Development Policies 2007-2013* was organised in Sofia by DG Agriculture and Rural Development of the European Commission (with the support of TAIEX*). The event constituted the main consultation forum where participants discussed the draft NSP document. In addition, the main issues related to the thematic axes and the financing of rural development were discussed.
- The draft NSP was further reviewed in a series of *consultation seminars* (2 national and 16 regional) until March 2006, when the final draft version of the strategic document was approved by the Collegium of the Ministry of Agriculture and Food. The intermediate progress in the preparation of the NSP was reported and reviewed periodically at 3 sessions of the Agriculture and Forestry Committee of the Bulgarian National Assembly.
- As a last step, and according to the Bulgarian law, the final NSP was reviewed at a *public hearing* in May 2006. This event brought together some 250 participants from the stakeholder organisations and the administration. Prior to this, all the relevant documents for the rural development policy for the 2007-2013 period (i.e. the EC Regulations, the NSP and other relevant Community and National documents) were published on the website of the Ministry of Agriculture, so as to be available to the interested parties and to promote discussion at the national level.

**The Technical Assistance and Information Exchange instrument managed by DG Enlargement which supports partner countries with regard to the approximation, application and enforcement of EU legislation.*

While consultation took place mainly at the national level, also regional and local partners participated in the consultation process. Nevertheless, the influence of the regional and local opinions into the NSP content was not always certain. In general, the outcomes of the consultation – in terms of effective implementation of the partnership principle – varied

according to the institutional arrangements of the country in question. In Greece for example, the consultation procedure was quite comprehensive, but only at national level. In contrast, consultation with regional and local authorities seemed to be less intensive as the prefecture-level and local authorities did not participate in the process.

The presence of a wider national strategic framework (or national development programmes/schemes) contributed the content of the EAFRD strategy plan in several cases. These wider strategies had, moreover, direct implications for the implementation of the RDPs. Specific examples can be found in the following cases:

- In Ireland, the presence of two macro-level policy strategies (the National Development Plan 2007-2013 and the National Spatial Strategy) had a major impact for the development of the rural areas.
- In Poland, the Strategy for Rural Development and Agriculture (2004) was a part of the wider National development Strategy for Poland.
- In Latvia, the national Development Plan 2007-2013 set the strategic objectives of education and science for the economic development and technological excellence.
- Germany has a national strategic framework, the so-called "Joint Task Improvement of Agricultural Structures and Coastal Protection" (GAK), which encompasses rural development (see text box in section 3.2.1).
- The Danish NSP was thoroughly revised in 2009 as a result of the HC and the EERP and the introduction of a new strategic framework called the "Green Growth Agreement" (GGA). The latter combined agriculture, nature, and the environment in one policy.⁵ (see text box in section 3.2.3)
- The Spanish national law on Sustainable Development of the Countryside (LSDC) adopted a territorial approach at sub-provincial level, defining rural zones for the implementation of RDPs⁶.

In the case of decentralised countries where competences in the agricultural and rural development matters are devolved to regions, regional strategic frameworks (IT-Emilia Romagna, ES-Catalonia) were elaborated. These regional frameworks defined strategic aspects of the RDP implementation at the regional level (e.g. governance rules and balances between axes; financial allocation to measures), through a wide consultation.

Definition of rural areas: use of OECD definition

According to Article 11 of the RD Regulation, the NSP should include the thematic and territorial priorities of rural development. *Targeting* is in fact understood as one of the strategic elements of the current programming period. The aim of targeting is to ensure that the Community support is directed towards areas with proven territorial and structural needs. To strengthen the territorial aspect of targeting, the EC suggested the MS to base

⁵ Agreement on Green Growth, Danish Ministry of Environment, 16 June 2009 at http://www.mim.dk/NR/rdonlyres/54887891-D450-4CD7-B823-CD5B12C6867A/0/DanishAgreementonGreenGrowth_300909.pdf

⁶ Even though formally this law is not linked to the delivery system of the RDP or other EU funds, it nevertheless creates a new strategic national framework, broader than that of the EAFRD, which is territorially differentiated at sub-regional level and deals mostly with non-agricultural issues.

their rural area definitions on the OECD definition when drafting the NSP strategy and the programming documents.⁷

Being the only internationally recognised one, the OECD definition of rural areas (based on population density) is therefore used as standard methodology by the Common Monitoring and Evaluation Framework⁸ for MS and regions to designate and describe the diversity of rural areas in their baseline analysis. The use of this definition is, however, not mandatory. The MS/Regions could choose to define their rural areas in an alternative, consistent, way for the development of the strategy and programming purposes.

In general, territorial targeting seems to have been left disconnected from the definition of rural areas applied in the selected countries. In other words, while rural areas have been defined at the strategy level, in the programming phase territorial targeting of the RD interventions is applied without considerations for the definition. For example, eligibility and selection criteria rarely take into account rural areas as defined in the strategy. As highlighted by the analysis carried out on the definition of rural area used by MSs⁹ – and supported by the TWG4 cases studies – the definition of rural areas for the programming period 2007-2013 followed basically three main approaches. These approaches can be differentiated according to the extent in which the OECD definition of rural areas was used.

The following table, which builds on the results of the TWG1 final report, illustrates the way in which the 12 case study countries have defined rural areas in their NSP for descriptive and/or targeting purposes.

Table No 2 - Use of OECD definition in defining rural areas in selected countries

Countries using OECD definition, unmodified	
Austria	Austria claims to have used the OECD definition, and (as indicators) the percentage of national territory and population that falls within rural areas. It has identified three types of rural area for use in the RDP: <ol style="list-style-type: none"> 1. Rural regions with higher than average agricultural rates. 2. Production-oriented rural regions. 3. Rural regions of high regional significance for tourism.
Greece	OECD definition used (Additionally other indicators were used to shape definitions for specific purposes. For example, a different classification of rural areas has been used for the purpose of spatial analysis)

⁷ Council Decision 2006/144/EC on Community strategic guidelines for rural development (2006/144/EC) and Commission Regulation (EC) N° 1974/2006

⁸ See more details on the CMEF in the introduction to section 3.7 "Monitoring and evaluation".

⁹ Final report of the ENRD [Thematic Working Group 1](#) "Targeting territorial specificities and needs in rural development programmes", October 2010. The analysis carried out in the report was based on a sample of 23 national and 12 sub-national or regional RDPs, which represent all 27 Member States.

Countries using a modified form of the OECD definition	
Ireland	The definition of rural areas included a number of small to medium sized towns that do not meet the OECD definition (i.e. towns near to the greater Dublin area, or located in key regional areas where a priority is to stabilise the population).
Italy	<p>Municipalities (LAU2) have been classified according to the altitude zone (plain, hill and mountain) at province level. The outcome is a distinction between four types of zones, namely:</p> <p>A. Urban poles</p> <p>B. Rural areas with specialised intensive agriculture</p> <p>C. Intermediate rural areas</p> <p>D. Rural areas with comprehensive problems of development.</p> <p>Regions may adopt a more detailed articulation of the territory, provided that this reflects one of the above types of zone</p>
Spain (CAT)	Definition of rural areas varies according to regions. The OECD definition was used, but as applied to LAU 1 areas ('comarcas'), which are defined as rural if the population density is less than 100 inhabitants per km ² . In addition, municipalities with less than 10,000 inhabitants are defined as rural.

Countries using alternative definitions	
Bulgaria	National definition already used in the SAPARD programme was adopted. Rural areas are the municipalities in which no settlement has a population of more than 30,000: the remaining municipalities were considered Urban Areas.
Denmark	<p>A classification system based on 14 indicators was used. These were selected in order to describe the structural, economic and demographic situation in the 98 Danish municipalities. They include among others: percentage of national territory, population and employment in rural areas.</p> <p>Using the weighting from these 14 indicators, the 98 municipalities are into four different classes: Peripheral; Rural; Intermediate; Urban.</p>
France (mainland)	<p>A concept of "peri-urban and rural crowns" was developed on the basis that a rural commune (LAU2) is usually one with less than 2,000 citizens, but adding criteria related to density and localisation of the potential of employment and its importance in both urban and rural areas. Three categories of space were defined:</p> <ol style="list-style-type: none"> 1. predominantly urban space; 2. predominantly rural space; 3. other rural communes.
Germany	<p>No unique definition of rural areas was provided at national level. The decision is left to the Länder.</p> <p>(In Rhineland-Palatinate rural areas are defined as all administrative districts ("Landkreise") without a district town of more than 20,000 inhabitants, and all tobacco regions according to Council regulation (EC) n° 1782/03)</p>
Hungary	<p>National classification based on three main categories of "micro-regions" (LAU1 level):</p> <ol style="list-style-type: none"> 1. Urban micro-regions 2. Rural micro regions with urban centres 3. Predominantly rural micro-regions <p>The categories are formulated according to the level of urbanisation, namely presence or lack of</p>

	urban centres in the micro region.
Latvia	OECD definition is not mentioned nor the reason for not using it. As to other indicators, “% territory in rural areas” and “% population in rural areas” are mentioned in the RDP only for descriptive purposes, i.e. they were not used to target rural areas. Context for the definition of rural areas is provided by the administrative-territorial reform that was completed in 2009 (<i>for more detailed on this refer to the TWG1 report</i>)
Poland	Rural areas are defined as those located “outside urban areas”. No rationale for this is provided, but the RDP states that the rural areas so defined correspond quite closely with what would apply by the OECD definition

Source: TWG1 Final report – Annex I, October 2010

Reasons for deviation from the proposed OECD classification differ among countries. The main explanations are:

- The OECD definition would be inefficient as its application would design major parts of the national territory as rural. Any eventual form of strategic targeting based on territorial basis would thus be irrelevant. In Bulgaria the application of the OECD definition would have brought the 98.8% of the national territory and 84.3% of the population into predominantly rural or intermediate rural regions, the only exception being the capital city Sofia.
- The OECD definition does not reflect the diversity of the territory and the heterogeneity of regions. This was the case in large countries and decentralised countries.
- The OECD definition would exclude significant parts of peri-urban zones which include an important share of agricultural land and farms. This was an issue particularly in France and in Poland.

According to the TWG4 case studies, an additional justification is that an operational definition of rural areas was not really needed for axes 1 and 2 which in fact apply horizontally – and where most of the funding is allocated to. On the other hand, it was considered necessary for the more territorial measures under axes 3 and 4.

The evidence collected through the case studies supports the outcomes of the wider analysis undertaken by the TWG1. The TWG1 final report shows that among the 35 RDPs examined, 20 opted for an alternative definition of rural areas, five used the OECD definition with some modifications and four fully adopted the OECD definition for descriptive/targeting purposes.

Table No 3 – Definition of rural areas in the 35 RDPs examined by TWG1

Definitions of rural areas	Number of RDPs in the analysis	
	National	Regional
Using OECD definition, unmodified	4	2
Using a modified form of that definition	5	2
Using alternative definitions	20	2

Source: TWG1 final report, October 2010

Selection of strategic priorities and targeting

As already mentioned the definition of national strategic priorities was based on – according to the EU prescriptions - the analysis of the national context and within the framework provided by the Community strategic guidelines.

Where wider national development plans were already in place, these informed the strategic focus of the NSP (e.g.: IE, PL, DE, DK). Finally, consultations with stakeholders and involvement of institutional partners (regional and local level) aimed at refining the chosen priorities and ensuring coherence across the different institutional levels. As showed by the case studies, in practice the consultations had different outcomes, according to the effectiveness of the consultation process and the involvement of the stakeholders (more on this issue in the section 3.1.2).

For example, in Greece, marginal consultation was undertaken with regional/local authorities. It was recognised that Development Operational Plans, drafted by the municipalities, were not fully taken into account. On the other hand in Austria, federal states organised joint thematic workshops to provide coordinated inputs to the national strategy. This way the orientation of the final NSP was aligned with the regional needs within the framework provided by the EU guidelines. The NSP also took into account the national/federal co-financing possibilities.

The twelve NSPs examined in the case studies show that strategic targeting at the national level was done through a combination of different approaches. Three main dimensions of targeting could be identified in most of the case studies, namely:

- sectoral;
- territorial;
- per type of beneficiary / target group.

Sectoral targeting is applied mainly, but not exclusively, to axis 1 measures. Sectoral targeting is quite evident, for example, in France where agriculture is considered as main driving force for the economic development of rural areas and where farmers are considered as main beneficiaries of the EAFRD support. Territorial targeting is mostly applied in axis 2 where certain measures are applied only in specific areas (e.g. LFAs, Natura2000). Axes 3 and 4 usually present a combination of targeting approaches - with variations also within a single MS - but targeting is frequently based on different types of beneficiaries.

Ireland followed a differentiated targeting approach by axis based on a mix of the three dimensions illustrated (i.e. territorial, sectoral and by beneficiary):

- The most relevant support schemes under **Axis 1** (e.g. early retirement and young farmers measures) were principally targeted at the beneficiary level taking into account beneficiary's characteristics and eligibility requirements. Following the economic crisis which hit the country in 2008, the consequent budget restraints and the closure of some of these measures, a new investment scheme (TAMS – Targeted Agricultural Modernisation Scheme) was initiated. The TAMS is considered to be more clearly focused/targeted than the original measures. The new scheme, which comprises measures related to sow welfare, poultry welfare, dairy equipment, water harvesting, bio-energy, and sheep handling, was enacted in order to assist farmers in becoming more competitive in the difficult economic climate.
- **Axis 2** has a more prominent territorial dimension but targeting is not *a priori* territorial. The original agri-environment scheme, for example, was applied horizontally throughout the country while selection criteria – operating at the farm-level - ensured a targeted support to management options addressing biodiversity conservation, climate-change mitigation and resource protection (water quality in particular). The new AE scheme in force from 2009 is still not geographically targeted but shows a strengthened focus on the three environmental priorities. On the other hand, the second major scheme within axis 2 (LFA) is only available within areas designated as less-favoured areas at the EU level.
- For **axes 3 and 4**, targeting operates at the level of LAGs, which cover the whole Irish territory. All funding decisions delegated to the local level. The funding decisions are based on a local development strategy, which must be based on an assessment of territorial needs and opportunities.

The MSs applied a variety of targeting approaches mainly because it was considered difficult to set strict targeting rules at national level when there were a diversity of needs and priorities among regions and rural areas. This was especially true in decentralised Member States. In effect, the actual targeting was left to the regional level or postponed to a later stage of programming (i.e. definition of eligibility and selection criteria at the measure level).

Among the cases examined, only Denmark clearly applied a narrowed targeting approach by type of projects. Namely, the selection criteria put stress onto innovation. This approach is coherent with the strategic priorities set in the Green Growth Agreement and it is also reflected in the NSP. Territorial targeting, on the other hand, appears to be weak in Denmark. Axis 1 and 2 measures apply horizontally and definition of rural areas is instrumental only to the implementation of the Leader axis (some territorial priority to Danish remote rural areas were also given).

3.1.2 Assessment of difficulties, how these have been dealt with

Lack of focus of the EU strategy

Several case studies have identified the same issue by calling it in different ways (e.g. very wide EU framework, lack of precise EU strategy/objectives, and consequent lack of consistency). In fact, the problem may be seen from two perspectives. First, the strategy is often stated in very generic terms. Thus the strategy becomes an all-inclusive umbrella and as such it loses its ability to define priorities or targets. Second, the linkages between the EU guidelines and the NSP are regarded as unclear.

NSP as separate document from the RDP

Even if the development of the NSP was widely acknowledged as an important exercise at the national level, the usefulness of having a strategy document separated from the Rural Development Programme was almost unanimously questioned by centralised countries.

In these countries, the drafting of the NSP as separate document from the RDP was in fact perceived mainly as a mere formal exercise with little scope, considering that content often overlapped with the actual programming document (e.g. the analysis of the national context, the definition of strategic choices and priorities). The problem of overlaps is strictly relevant for centralised – and furthermore, small - Member States. However, particularly in new MS where the RD programming exercise was undertaken for the first time, the preparation of a national strategy and the strategic process itself was deemed as very useful exercise. Namely, the process required the central authorities to make a thorough analysis of the actual needs of rural areas. It also promoted the involvement of the relevant stakeholders and eventually opened the way for a wider analysis of strategic priorities at national level.

On the other hand, in decentralised countries where the programming responsibility lies with regions, the NSP stimulated –with varying degrees- a coordinating role for the central administration. The NSP set the strategic priorities at national level and operated as a bridge between the EU and the regional level. Yet, decentralisation did lead to problems in ensuring strategic coherence (see more on this issue farther on in this section).

Timing and duration of the NSP definition

The case study evidence shows that the time required for the definition of the NSP was underestimated both at EU and national level. As already mentioned, the entire process of drafting, consulting with partners and finalising of the NSP took two years or more, and the process overlapped with the conclusion of the previous programming period. Furthermore, the drafting of the NSP and the RDP themselves was carried out practically at the same time, involving the same people. This generated additional amount of work for national administrations, who were already suffering from a shortage of human resources and capacity (as pointed out, for instance, in DE and BG).

Furthermore, the timeline as defined in the EU regulation was deemed unrealistic by the interviewees at national level, considering that:

- the implementation regulations were finalised and made available at a late stage of the process (second half of 2006). This was considered as an obstacle for fine-tuning the drafting process with the final EU requirements (e.g. PL);
- the envisaged deadlines were too tight for undertaking proper consultation with the national stakeholders;
- in the case of decentralised countries, several iterations between national and regional levels were necessary before arriving at a final version of the document that was aligned with the regional programmes.

In decentralised countries (e.g. IT, ES) the design of the NSP did not eliminate the need of defining regional strategies. In fact, the drafting of the NSP and the consultation with the regional level overlapped with the development of the regional strategies, the RDPs and their negotiation with the European Commission.

Coherence between EU, national and regional/local level

In countries with decentralised management and delivery of programmes, the tight timing affected the possibility of collecting and composing the priorities expressed at the various institutional levels and achieving the consensus of the regions around the NSP. In the decentralised cases examined (DE, ES, IT), the opinion was shared that the NSP became a composition of priorities presented by the regions (and, in the case of IT-Emilia Romagna, by the sub-regional level). This was seen to weaken the link between the priorities set at EU and the national levels notwithstanding the recognition (IT) that the NSP provided important and original inputs to the drafting of the regional RDPs.

The issue of strategic coherence and coordination among the different institutional levels (EU, national, regional) has been widely recognised by the TWG4. It was felt that the issue was not clearly addressed in the current programming period. The case studies provide some evidence of how the issue was addressed (and partially solved) through different approaches, which take into consideration the institutional set up of the countries and the choice of the formal instruments:

- In Italy (Emilia Romagna region), there is a long tradition of institutional dialogue and cooperation. Strategic coherence was aided at the regional level by the adoption of a regional strategic framework which aimed at ensuring the formal coherency of the regional programme with the NSP. Yet, the regional strategic framework constrained the margin of freedom at the sub-regional level (provinces). This problem will be further explored and addressed in the future.
- The Spanish central authorities decided to invest in coordination efforts. A National Framework Programme was adopted - according to the possibility offered by Article 15(3) of Council Regulation (EC) N° 1698/2005. The programme identifies horizontal (not mandatory) measures for all regions and sets co-financing rate for these measures at national level. In addition, the implementation of the national Law on Sustainable Development of the Countryside provided the national level with a more substantial guiding and coordination role, accompanied by additional financial resources.

- Along the same line, Germany could count on the definition of a national strategic approach (the abovementioned GAK). The GAK is considered to be one of the main national level financing instruments for rural development, setting the main strategic priorities. A National Framework Programme was established on the basis of the measures offered in the GAK. The programme contains the common features of the regional programmes and serves as a filter between the GAK and the EAFRD programme. (see text box in section 3.2.1)

Effectiveness of the consultation process

In each MS, the consultation procedures affected the way in which strategic coherence was ensured between the different institutional and delivery levels (from European to local). The coherence between the EU and the national level was assessed to be strong in the twelve cases examined. On the other hand, the coherence between national and regional (or even local) level was much weaker. This is particularly true in those cases where marginal consultations were undertaken with regional/local authorities (as mentioned in case of Greece).

In the case studies the effectiveness of the consultations was questioned in terms of taking local needs into account as well as portraying the views of the national stakeholders in a balanced manner.

- The case studies point to a certain *path dependency* in the definition of the strategic priorities. According to the opinions of several interviewees in different case studies, setting of main objectives at the national level and the allocation of resources between the priority axes show certain conformity with the past. This is particularly true in the case of old MS. (e.g. IE and AT). New MS could count - to a certain extent - on the experience gained through the implementation of the RDPs 2004-2006 and of the SAPARD programmes. Eventually this was perceived a constraint because (as in the case of BG) emphasis was given to sectors which previously benefited for support for complying with the Community standards, while not enough attention was paid to sectors that showed a competitive advantage. In other cases (PL, HU, LV) the definition of the national strategy resulted in a loose strategic framework and an overall lack of coherent strategy goals. The interviewees stated that this was a result of inexperience in developing a strategic framework and the lack of a long-term vision of development. Yet, some stated that it was a deliberate choice to avoid such a strict targeting which could hamper the proper absorption of funds. There were contrasting opinions with regard to the suitability of the EU strategic framework. On the one hand it was seen to offer too wide strategic goals. On the other, the EU framework was deemed as too rigid in setting measures and minimum allocation among axes (see more on this in following section on programming and financial aspects)
- Several case studies (AT, FR, HU, IE, LV) show that the national strategy put a *strong focus on the agriculture sector*. The interviewees stated that this was a result of the strong influence of the agricultural interests in the consultation process and a general lack of balanced representation of the different national instances (e.g. LV, HU). Furthermore, there is an institutional predisposition to see agricultural activity as the basis for wider development of rural areas (as in the case of FR). It means that farmers

are seen as the core stakeholders in the diversification of the agricultural economy. It has to be mentioned, however, that in the case of IE, the reason for a certain bias towards a higher support to agriculture and land management can be found in the role assigned to the RDP within the wider national strategic approach for rural development.

3.1.3 What has worked well, innovative suggestions for the future

To improve the focus/clarity of the EU level strategy, the role of the EU was discussed in two different ways. First, it was considered whether the EU priorities, including quantitative (as well as qualitative) targets, should be defined better in the future. Second, the issue of how binding the EU targets should be for the MS/regions was raised.

Discussions within the TWG highlighted the need to ensure a tight link between rural development long-term objectives and the EU 2020 strategy goals (smart, inclusive and sustainable growth). Hence, the need to define clear policy priorities and targets at EU level which bound MS and regions to the definition (and the achievement) of clear priorities and targets at the programme level matching the ones defined by the EU.

On the other hand, the strategic process and the requirement for a national strategic framework introduced in the current programming period were assessed positively and, in practically all the case studies, the value added to keep this approach in the future was recognised. Some of the common benefits deriving from the development of a NSP that were identified included:

- The strategic process was seen as useful in stimulating the debate at national and regional level about the real needs of the rural areas and identifying relevant priorities. This also includes the recognised importance of defining targeting approaches (including territorial targeting) to address those needs.
- It was widely recognised that an early involvement of stakeholders was beneficial for feeding the debate and taking the local needs into account, while ensuring the respect for the EU priorities. Yet, some weaknesses were detected in terms of real effectiveness of the consultations and the impact of the stakeholders in the definition of the strategic priorities.
- The subsidiary principle was enforced from the previous programming period thus requiring additional efforts in coordination among institutional levels. The strategic process also offered a possibility to ensure a better coherence and consistency of the EAFRD support with other policy tools at the national level and, moreover, with other EU policies.
- The presence of an agreed and stable strategic framework of reference was deemed beneficial in countries characterised by lack of well-established long term strategies (e.g. BG).

Ample evidence of benefits from the strategic process has already been provided in the description of the strategic process above. Further examples include:

- The definition and the use of wide consultation mechanisms (as in the illustrated cases of Austria and Bulgaria) ensured a large participation of stakeholders and, to some extent, offered the possibility to reflect differentiated needs in the national strategy.
- The NSP and the wider EU priorities were integrated through the definition of the wider national strategies for (rural) development. This was the case in Germany (GAK), Ireland (NDP and NSS) and Denmark (GGA). Furthermore, with the reformulation of the NSPs following the CAP HC and the EERP, these national strategies were reinforced and providing enhanced policy framework.
- In decentralised countries, the definition of a strategic framework at regional level served as bridge between the priorities defined at the EU level and the local needs (i.e. IT - Emilia Romagna). Also in the German case, there was a lot of room left to the regional level to design the RDPs.

Some suggestions for the future role of the NSP emerged from the interviews conducted at national and regional level, the most relevant being:

- The EU level could be enforced through stronger legal prescriptions to encourage a wider and effective involvement of stakeholders¹⁰ and targeting in which supports the strategic priorities chosen at the national level.
- The National Strategy Plan and the RDP should be merged into one single document, at least in centralised countries.
- The NSP could be further strengthened in decentralised countries. This would enforce the guidance role of national strategic priorities and give the basis for an enhanced coordination role undertaken by the national level.

However, discussion undertaken within the TWG4 highlighted that the need for a separate strategy in decentralised MS is a controversial issue. In general, there is consensus that the strategy should be developed at the most appropriate level, that is where the programme is designed and implemented (according to the allocation of such competences). This would imply that in multi-level governance systems the emphasis would be on regional strategies with the national level playing a coordination role. The latter should take into account regional needs on one hand and EU priorities on the other. The way this composition would take place in the future would depend on the specific administrative settings and programming culture of the single countries.

In this respect the need for more coordination between institutional levels –EU, national, regional- is felt in order to address the issue of how bottom-up and top-down priorities should link (vertical coordination).

¹⁰ In two cases, the RDP Monitoring Committee was also highlighted as the most appropriate place where to ensure that issues identified by the stakeholders in the context of a strategy consultation will be taken into account in the formulation of concrete measures for the design of the strategy and the programming documents.

3.2 Programming procedures and financial aspects

EAFRD support is provided to Member States through Rural Development Programmes (RDPs). According to Article 20 of Council Regulation (EC) N° 1698/2005, these programmes implement the rural development strategy objectives through a set of measures. The measures are grouped under four axes, namely:

- Axis 1: improving the competitiveness of the agricultural and forestry sector;
- Axis 2: improving the environment and the countryside by supporting land management;
- Axis 3: improving the quality of life in rural areas and encouraging diversification of economic activity;

which represent also the three overarching objectives of the rural development policy and,

- Axis 4: Leader, which represents a local area-based bottom-up delivery approach applicable to all axes.

Article 15 of the RD Regulation stipulates that each Member State may submit either a single programme for its entire territory or a set of regional programmes, according to its institutional set-up and the decentralization of responsibilities for programming. In decentralized countries, MS can choose to submit a National Framework to include common programming elements (e.g. common measures) across the regional RDPs.

Article 16 of the same Regulation defines the content of the RDPs. Each RDP must include an analysis of the situation in terms of strength and weaknesses, a justification of the priorities chosen having regard to the Community Strategic Guidelines and the National Strategy Plan, information on axes and measures, as well as certain other elements including the provision of financial resources per axis. Balance between the objectives is sought at the EU level through the application of a minimum financial share for each Axis (Article 17).

In accordance with Article 6 of the RD Regulation, the preparation of the programme should ensure the respect of the partnership principle. It means that the definition of the elements of the programme should be carried out in close consultation with the national and regional stakeholders (representatives of the institutional, social, economic and environmental partners). The programmes are negotiated with the Commission services and approved by a formal Commission Decision. The process of preparation, approval and eventually, review of the RDP aims at ensuring consistency with the Community Strategic Guidelines, the National Strategy Plan and the Council Regulation (EC) N° 1698/2005.

In this section of the report, only the elaboration of the RDP and its subsequent modifications are considered, together with the financing procedures. Other, more detailed, issues are considered in the sections that follow.

3.2.1 Who does what

Responsibility for programming

Unlike the development and the drafting of the National Strategy Plans, the definition of Rural Development Programmes and the related management functions are undertaken either at the national or the regional level, according to the institutional arrangements of the Member States (centralised vs. decentralised countries).

In centralised countries the programming process took place at central level, falling under the responsibility of the Managing Authority (MA). The MA was usually set up within the same Department/Unit of the Ministry of Agriculture which bore the responsibility for the NSP.

In decentralised countries (DE, ES, IT), where competences for agriculture and rural development are devolved to Regions/*Länder*, the RDP was developed and subsequently managed by the responsible regional agricultural department (or "Ministry of Agriculture" in the case of the German *Länder*).

Drafting process and consultation

The drafting of the RDP was typically accompanied by a consultation process reconciling national and regional interests. These interests were represented by a range of institutional and socio-economic stakeholders (e.g. representatives of national ministries, regional and local offices, Leader groups, chambers of agriculture, professional organisations, environmental NGOs, scientific institutions, development agencies, etc.). As in the case of the NSP, however, some doubts were raised about whether these consultations had a real impact on the definition of the programme or not (as stated for example in the cases of HU or DK) and whether the stakeholders were given sufficient opportunities to provide their views and input.

The consultations took different forms (e.g. meetings, exchange of documentation, consultation through fora and publication of draft documents). In a number of cases (AT, BG, DE, FR, HU, LV, PL) the consultation included the setting up and running of ad hoc *working groups*. These groups – often established along the four EAFRD axes or even by measures – provided a forum for discussion. In some cases, the working groups were also tasked to develop an initial draft of the programme (or part of it), which was further discussed and finalised under the supervision of the main responsible body.

Given the disparity of procedures and working methods applied in the different national and regional contexts, it is not easy to provide a concise picture of how the drafting of the RDPs – and related consultation process - was undertaken. Nevertheless a number of common elements can be highlighted. In an attempt to draw attention to different patterns and compare practices of the different approaches to programme development, some specific examples are provided below:

- In Rhineland-Palatinate, the starting point for the development of the RDP was the analysis of the socio-economic situation and the SWOT analysis. The analysis was

undertaken in workshops in cooperation with the ex-ante evaluator and the supervision of ministerial officials, the RDP desk officer and other stakeholders. The results of the SWOT analysis were presented and discussed in a workshop at the presence of programme coordinators, responsible for the implementation of the single measures and, members of the regional government. On this basis a first draft of the RDP was prepared by four working groups (one for each axis) composed of thematic experts and putting together those social and economic partners who had been members of monitoring committees in the 2000-2006 programming period. Finally a public hearing with the relevant stakeholders took place for presenting the draft RDP.

- The drafting process in Poland was led at central level by the Department for Rural Development in the Ministry of Agriculture and Rural Development (MARD). The work started, as in most of the cases, with the socio-economic baseline analysis. This part of the document was discussed mainly between departments within the MARD, research institutes and regional authorities. The definition of the details of the programming document was carried out mainly through working groups which were created for particular measures and supervised by the relevant Heads of Unit. Consultation was undertaken through the organisation of conferences in each of the 16 Polish regions which were followed by two final national conferences. In total 138 socio-economic and institutional partners were listed as participants of the RDP consultation.
- In Austria, the development of the RDP was led by a specific Division within the Ministry of Agriculture with the support of a consultation mechanism. As a first step several thematic working groups¹¹ were established. These groups were chaired by representatives of ministerial departments and comprised of representatives of institutions and organisations in charge of programme delivery during the 2000-2006 programming period, socio-economic partners and, *ad hoc* invited experts. All the working groups provided an initial input to the drafting process through an analysis of the baseline situation and a summary of the relevant strategic considerations, including the identification of main needs. These inputs were further elaborated according to guidance provided by the chairing Ministry's representatives and became the core of the first RDP draft. Consultation of individual chapters and measures of the draft RDP was undertaken with stakeholders during an information event that concluded the wider consultation process, which had started with the presentation of the EU policy proposals two years before and continued with the definition of the Austrian NSP. In this process, the regional levels (federal states) coordinated themselves through informal workshops, which discussed issues raised by the ministerial working groups and with the objective to provide efficient solutions to them. The inputs provided by the regions to the drafting process were therefore fully agreed and shared beforehand. Final decisions on the RDP were taken by the Minister in consultation with the governors of the federal states.

¹¹ Examples of the working groups established under the Ministry include the following themes: investments; adding value to rural products; diversification in rural development; forestry; nature conservation projects, agri-environmental programme.

Coordination between national and regional level

This sub-section deals with internal coordination, meaning programming-related¹² coordination between different institutional levels of a MS. Where the programming functions were undertaken at the regional level (DE, ES, IT) coordination was sought between the national and regional (federal) administration according to the institutional set-up of each country, within the possibilities offered by the national and the European regulatory framework. Results of this alignment mechanism are therefore different.

In Italy, coordination mechanisms and exchange of information between the two institutional levels seem to have been applied particularly in the strategic phase in the same way as described in the previous section (strategic approach). The development of the programming document belongs to the legal competence of the Regions and thus it was driven and accomplished by the responsible regional authorities. The regions individually presented and negotiated the RDPs with the EU Commission. The central level was present in all formal exchanges in a coordinating function. The central level didn't intervene in the preparation process except when specific queries were addressed to it by the regional authorities.

In the Spanish and the German cases a further level of coordination was established, the common element in the two cases being the presence of a National Framework Programme (NF) drafted at central level in accordance to the possibility offered by Article 15.3 of Regulation (EC) N°1698/05¹³.

In Germany, the RDPs primarily took into account the needs identified through the socio-economic baseline analysis of the *Länder*, in accordance to the regional strategy. However, a certain influence in their definition – at least for some of them – was exerted by the presence of the "Joint task Improvement of Agricultural Structures and Coastal Protection", the so-called GAK¹⁴, which formally constitutes the main national financing instrument and programming reference framework for rural development.

¹² Coordination is dealt with in a number of sections throughout this report as it relates to specific topics, such as programming, implementation or Leader and also as a topic in its own right. Throughout the document, as appropriate, the term "internal coordination" refers to coordination within the EAFRD management structures and "external coordination" to coordination between EAFRD and other funds.

¹³ The cited article gives to MS with regional programmes the possibility to submit for approval a national framework (NF) containing common elements for these programmes. In addition to this provision, article 5.2 of Regulation (EC) N°1974/06 specifies that for the measures included in the NF, regional RDPs can only provide additional information. Jointly, the NF and the regional RDP must provide all the information required by Annex II of Regulation (EC) N° 1974/06 (content of the Rural Development Programme).

¹⁴ See additional reference to GAK in section 3.1 of the report.

The "Joint Task Improvement of Agricultural Structures and Coastal Protection" **GAK*** is formally the main instrument with which the German government defines the promotion of agricultural structures and -partially- of rural development. To understand its functioning two phases should be distinguished: the design (or planning) phase and the implementation phase (management and financing). The former identifies the process of strategy definition and frames approval and financial allocation of resources among the different regional needs. The latter identifies the process of implementation of national and regional strategies and the delivery of public expenditures to rural areas. National and regional (*Länder*) actors are involved in both phases.

Germany being a decentralised country, the rural development programmes co-funded by the EU are designed and managed at the *Länder* level. Each RDP is designed on the basis of priorities and needs deriving from each specific regional economic context. At the same time, the single *Länder* programme is linked with the federal rural development policy. The modalities of this linkage are to be found within the 'Joint Task' (GAK). The *Länder* programmes in fact, should be designed according to (and be consistent with) the general principles established by the GAK Joint Framework, a multi-annual plan which is elaborated at the federal level. The planning is prepared by the Federal-regional Committee of the ministers of agriculture over a period of four years and revised annually.

The plan defines the federal financial resources and establishes a co-financing rate for measures that are co-decided within the GAK. Usually the federal government cover the 60% and the *Länder* level the remaining 40%. It also provides a list of measures that the *Länder* can consider in preparing its RDP.

Rural Development Plans prepared by the *Länder* and co-financed by the EU do not include only the measures of the Joint Framework plan but also all those measures eligible according to the EU regulation. However, measures outside the GAK framework are to be funded exclusively with regional resources (i.e. they can benefit only from the EU budget and not from the federal support).

On the basis of the Joint Framework plan the central level prepared the National Framework Programme (NF) for the period 2007-2013. According to the EU legal prescriptions, the German NF includes common elements for the regional RDPs and it actually serves as a bridge between the GAK and the EAFRD support, contributing to the coordination and financing of common measures (i.e. those defined by the GAK). These include 19 of the 40 measures available under the EAFRD and with a strong focus on the agriculture and forestry sectors.

** Information from the DE case study has been complemented with the descriptions provided by the OECD Rural Policy Review on Germany (2007). For more detail consult the full report at: www.oecd.org*

Since a significant amount of national co-financing is provided to specific measures of the RDPs through the GAK's national funds, the GAK therefore constitutes an initial instrument of coordination in the definition of the regional RDPs. Within this framework, additional coordination between the central and the regional levels is ensured at the level of GAK budget coordinators. In almost half of the *Länder* in fact, the final responsibility for the regional budgeting for both GAK and EAFRD was intentionally allocated to the same individual. Furthermore, under the leadership of the federal level, all regional Paying Agencies and Managing Authorities conduct meetings in order to coordinate the implementation of the RDPs. In addition, several *Länder* decided to organise joint conferences between the programme coordinators with a complementary consultative function.

A similar approach to coordination – with different results though – was undertaken in Spain, where the central authority decided to implement a National Framework Programme containing common elements for the Regional RDPs, and specifying 7 horizontal measures (more on this in section 3.2.2).

Other mechanisms of vertical coordination: the case of France

A peculiar mechanism of coordination is illustrated by the case of France. The management structure of the mainland RDP (Hexagone) is formally centralised, with the Ministry of Agriculture and Fisheries (MAF) being the responsible managing authority. However, the delivery system and day-to-day management of the programme is *de facto* partially delegated to the regional and sub-regional (department) level.

The RDP is composed of a national set of measures ("*socle national*"), which are centrally managed by the MAF and common to all the regions, and a set of regional measures ("*volets régionaux*") which allow the realisation of a regionalised programming:

- The common national set includes the following measures: 112, 122, 125a (infrastructures related to the development and adaptation of the agricultural and forestry sector), 211, 2125, 214 and, 226a (restoring forestry potential and introducing prevention actions). They are implemented directly by the MAF and the financial support comes exclusively from the national budget and the EAFRD.
- The regional set of measures includes a wide range of measure from all axes and the responsibility of their management fall within the competences of the regional prefect (regional representative of the MAF) who generally delegates this function to the decentralised regional offices of the Ministries of Agriculture (DRAFF) and Environment (DIREN)¹.

Coordination of national and regional sets of measures in each region is undertaken by the regional prefect who assures that they are implemented according to the nationally and regionally defined strategies for agriculture and rural development. In this function the prefect is assisted by an ad-hoc committee.

This decentralised structure plays a significant role particularly in the coordination of measures implementation and – in the programming phase – for the allocation of regional budgets. The prefect of each Region, on the basis of a specific mandate, was required to define the regional set of measures based on the EAFRD envelope assigned by the central level. The envelope was further allocated to the regional measures chosen by the regional offices of the Ministry (DRAFF). In this context, only the regional measures (i.e. the ones not included in the national horizontal set) can be programmed utilising regional co-financing

¹ Respectively: "Directions Régionales de l'Alimentation, de l'Agriculture et de la Forêt » and « Directions Régionales de l'Environnement ». According to the specific institutional set-up of each Region, these decentralised offices can further delegate management of services to different bodies at the departmental level (sub-regional).

The national and regional RDPs' architecture: balance between axes

Architecture of the RDPs was discussed in the case studies in terms of balance between axes, choice of measures and allocation of financial resources among them. In theory, the primary reference for programme design and the choice of axes and measures should be the SWOT analysis undertaken at national or regional level. The outcomes of the cases studies

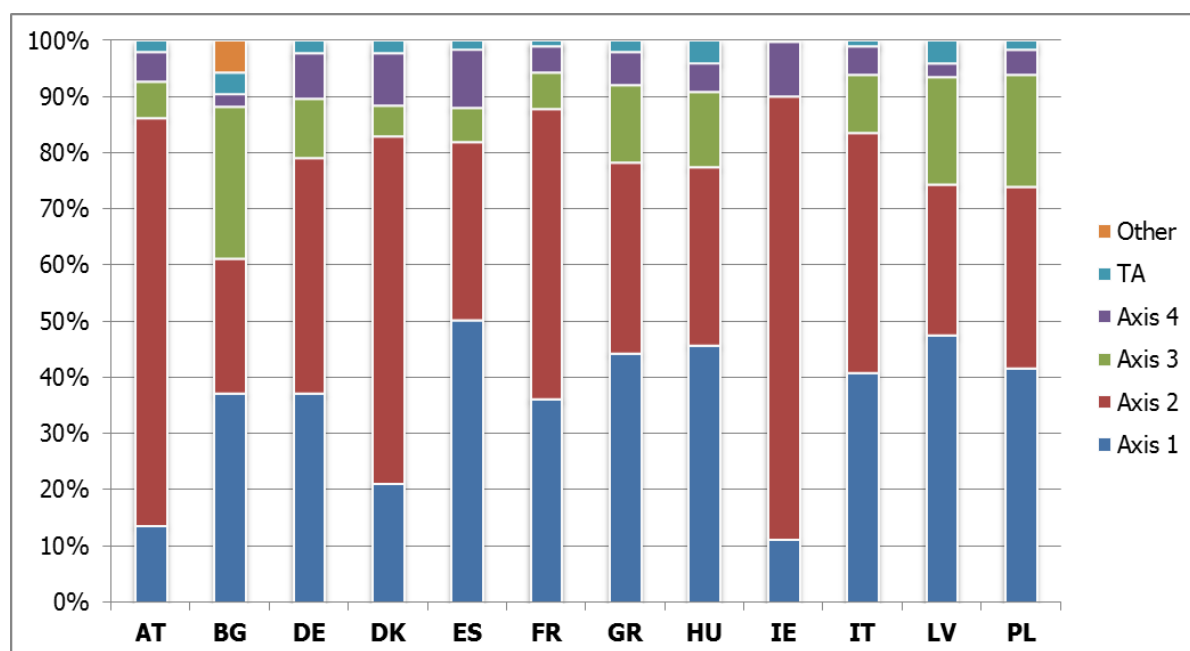
suggest that the SWOT analysis, the results of the consultation process and the internal coordination efforts are important factors participating to the definition of such architecture. However, they are not the only ones, as can be inferred by the description of the main issues articulated further on in the following section 3.2.2 (e.g. path-dependency, weight of previous commitments, lack of resources, etc.).

Questions regarding on the effectiveness of the consultations undertaken with stakeholders have been already raised with respect to the strategic process, and are confirmed in the case of the programming phase (see related issues in section 3.2.2). The allocation of the budget was considered as the most sensitive item in the programming process and moreover subject to political choices in the majority of the cases.

In this context, budget allocation among axes and choices related to the definition of the national (regional) co-financing rates were necessarily influenced by the prescriptions given in the EU regulations. In those cases where programming priorities and objectives were loosely defined (as, for instance, in the case of HU) this basically remained the main approach followed.

The SWOT analysis and identified needs appear as references in driving the allocation of financial resources. However in the majority of the cases, other justifications were given to explain the balance attributed to the policy's axes. Among them the popularity of single measures and the absorption patterns showed in the previous programming period seemed to have a relevant role. In some cases (GR, PL), there were a lot of commitments from the 2000-2006 period carried over. Thus these previous commitments were critical in determining the budget available for new programming priorities.

Figure No 1 - Distribution of 2007-13 total public expenditure per Axis (pre HC/EERP)



Source: EC, DG AGRI (Apr 2008, based on approved RDP budgets)

N.B. In regionalised countries the RDP involved in the analysis were: DE-Rhineland-Palatinate; ES-Catalonia; FR-Mainland; IT-Emilia Romagna. Axis 3 and Leader axis are implemented together in the IE programme.

The category "Other" include complements to direct payments (BG)

Figure 1 shows the distribution of the programmed total public expenditure 2007-2013 among axes in the cases examined. The figure illustrates the different balance to the EAFRD objectives attributed by the RDPs.

Overall the distribution between axes in these twelve case studies mirrors the average distribution of funds in the 94 approved national and regional RDPs of the 27 EU countries. In the 94 RDPs, 44% of the public expenditure is allocated to axis 2, followed by axis 1 (34%), axis 3 (13%) and axis 4 (6%) on average. Among the chosen RDPs however, there is a considerable variation within the same axes (particularly within axes 1 and 2).

Axis 1 is absorbing the highest share of the programmed total public expenditure in almost half of the case studies (ES, GR, HU, LV, PL) with the Catalonian RDP leading with a share of 50,2%. Conversely, Axis 2 is the main focus in IE and AT (particularly agri-environment and LFA measures) followed by DK, FR and DE. The Italian RDP (Emilia Romagna) is the only one to show a balance between the two. Axis 3 was allocated a share ranging from the 6% (AT, ES, FR) to a maximum of 27% in BG. Allocation for Axis 4 reaches 10% in Spain where the minimum threshold was defined at national level. In the other cases its share on the total public budget remains under this level and showing the lowest allocations in BG and LV.

Modifications of the RDPs, the CAP Health Check and the European Economic Recovery Package

The examined RDPs have undergone a number of significant changes since their first approval. The modifications required a formal approval by the Commission, in accordance to Article 7 of Commission Regulation (EC) N° 1974/2006. Up to 2010, the twelve RDPs have typically been subject to 4 - 6 modifications each. These included shift of funds among axes and/or changes to co-financing rates, resulting in modest adjustments in the architecture of the RDP.

The most significant change for all RDPs was caused by adoption of the Health Check of the CAP (HC) and the European Economic Recovery Package (EERP) in 2008¹⁵. The consequent shift in the overall EU priorities for Rural Development caused a substantial revision of the programmes' strategy and financial allocation due to the release of additional funds¹⁶. Overall, additional EUR 4.9 billion were added to the EAFRD budget for the current programming period in order to meet the new challenges defined by the Commission's communication and to support broadband infrastructures. At the EU level, this additional injection of resources did not affect the breakdown per axes in a substantial way. The

¹⁵ For some countries such as IE and LV, this modification coincided also with heavy restructuring of the overall RDP architecture because of the hard economic crisis occurred. This resulted in important budget cuts and significant modifications of some support schemes (namely and particularly the agri-environmental scheme in IE) including the suppression of different EAFRD measures.

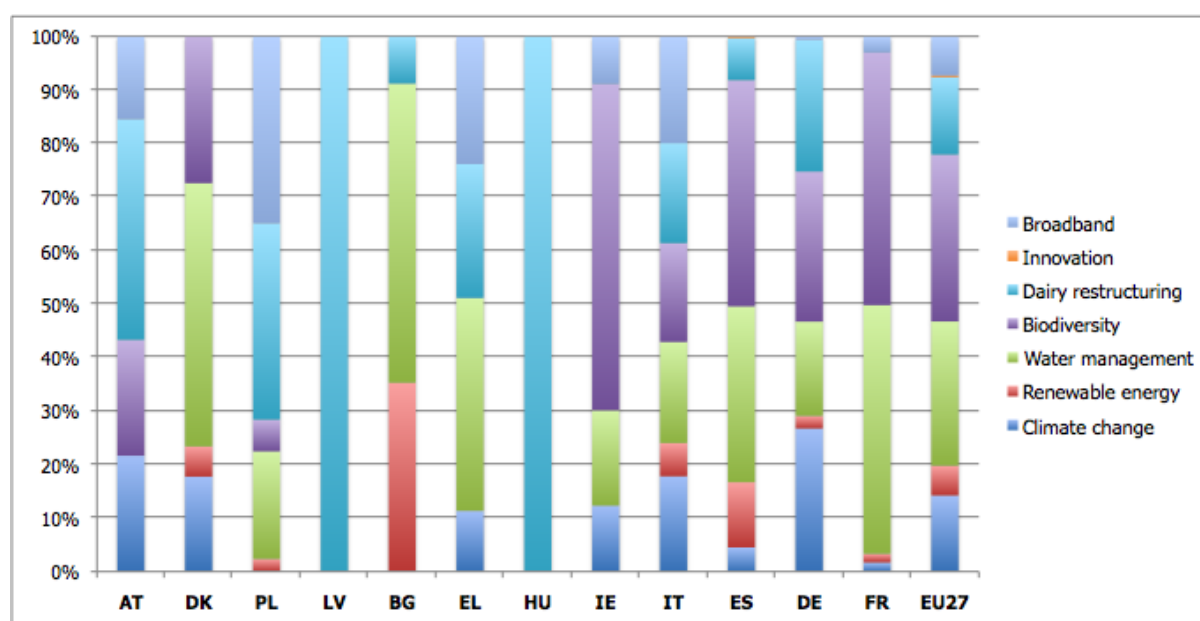
¹⁶ For more information on the changes occurred at the European level following the CAP HC and the adoption of the EERP, refer to the publication released by the European Network for Rural Development in 2010: "*Overview of the CAP Health Check and the European Economic Recovery Plan Modification of the RDPs*" available on the [ENRD website](#).

environmental objective (Axis 2) still remains the predominant one (44.4% of EAFRD contribution).

Broadly, the same is true for the twelve RDPs under consideration in this study. The balance between axes did not shift significantly in most of the cases. The main exceptions are Latvia where axis 2 share increased (+10.5%) at the expense of axis 1 (-8.7%) and Denmark where, in contrast, axis 2 allocation was reduced from 63% to 52.6% of the total public expenditure¹⁷.

The case study countries decided different allocation patterns to address the new challenges through the HC/RP funding. Figure 2 summarises the distribution of the additional EAFRD funds per type of priority chosen for the 12 MS.

Figure No 2 - Additional EAFRD allocations per type of new challenge (chosen MS and EU27)



Source: EC, DG AGRI (January 2010)

In Hungary and Latvia, it was decided to allocate the additional funds exclusively to the restructuring of the dairy sector. This priority was addressed through the promotion of dairy cooperative and product quality in LV, and introduction of the animal welfare measure 215 in HU.

Geographical allocation of the national budget

Allocation of financial envelopes between regions (or at sub-regional levels) is the second most important issue in the programming process, which has been raised particularly - but not only - in decentralised countries.

¹⁷ In Denmark, the modification following the HC and the EERP was also accompanied by the introduction of the Green Growth Agreement (see section 3.1), a strategic policy document reinforcing environmental interventions for the agricultural sector. In the rebalancing of the axes that took place with these modifications the increase of axis 1 measures is justified by a rationale of strengthening environmental concerns, while axis 2 interventions were reduced in relative terms.

In decentralised countries a first and important allocation of the national envelope was undertaken at the regional level, following a mix of criteria. In the case of Germany, for example, the distribution key was based on previous funding patterns and other functional criteria such as the structure of the agricultural sector in the *Länder*. The initial allocation, defined at federal level, was proposed and agreed upon in the strategic process and finally approved by the Conference of the State Ministries of Agriculture.

In the Italian region of Emilia-Romagna, distribution of financial resources was given to the sub-regional level (provinces), due to the additional decentralisation of the RDP delivery. Similar to ES and DE cases, in Emilia-Romagna first a distribution discussed between national and regional level within the State-Region Committee was undertaken, and then as a second step, regions allocated the envelope to the sub-regional level. The regional envelope, which was assigned to the Region on the basis of historical payments, resources made available by modulation from Pillar I and, other adjustments negotiated at central level, was distributed to the provinces. Those measures, which are directly managed by the regional level, were separated from those delegated to provincial authorities.

However, budget distribution at the regional level has been done also by centralised countries such as in France and Poland. In both cases the geographical distribution appears to have been undertaken on an analytical basis which involved:

- In the French case, a combination of two centrally-determined elements. Namely, the historical expenditure under the EAGGF fund (both Guarantee and Guidance) under the 2000-2006 programming period, and an analysis based on a large number of indicators (such as: number of farms, animals, agricultural area, etc.).
- In Poland, two different approaches were taken, according to the type of measures:
 - i) The distribution of pre-determined regional envelopes was envisaged only for specific measures for which data were available for the previous programming period. The allocation formulas were left unchanged.
 - ii) For all the other measures allocation, formulas were set-up on the basis of weighted sums of different variables (e.g. number of eligible farms, utilised agricultural area, etc.). These formulas were discussed with external institutions (e.g. academic institutions) before being adopted.

Management and coordination of axes and measures

The day-to-day management of the RDP programmes was established in accordance to the specific institutional arrangements of each country or region considered. Therefore a range of models emerged from the study.

In some cases the management structure is closely linked to the architecture of the programme itself. This generates different ways of coordination such as further decentralisation in the programme delivery or putting in place particular coordination mechanisms. Given this disparity, a summary of the different management set-ups is provided while a more detailed analysis of the implementation procedures of the RDP is addressed in section 3.3.

In an attempt to categorise the different situations examined, two dimensions can be identified, namely the level of decentralisation in programming and implementation and the number of actors involved in the delivery (delegation of tasks within the MA). On this basis, the cases examined can be classified as follows.

Table No - 4 Classification of RDP management settings

	Centralised	Decentralised
Simple management structure (one or few players)	BG, AT, LV, PL, HU, IE	DE
Complex management structure (multiple players)	GR, FR, DK	ES, IT

In centralised MS such as BG and PL, the daily management of the programme appears facilitated by the effective coordination created at the central level. In Bulgaria the management structure of the RDP lies within the MA (Rural Development Directorate), which is composed of 4 units, 3 of which one responsible for one axis (one unit responsible for axes 3 and 4) and the fourth unit responsible for coordination, monitoring, evaluation, reporting and, horizontal issues. Moreover, each measure is assigned to a single official who is also responsible for coordination with the PA and other external authorities, and for liaising with the beneficiaries. Finally, the heads of the individual units ensure coordination among measures. A similar approach is followed in Poland where the day-to-day management of the programme takes place in the Department of Rural Development (MA). The coordination mechanisms are ensured by a highly centralised system where individual measures are handled within individual Units of the same department.

Similar organisational structures are found in other centralised countries such AT, HU and LV.

In Rhineland-Palatinate (DE), a strong focus is given to coordination procedures. Management is regulated by internal rules (codes of practices) in a top-down approach from the ministry in function as the MA to the administrative units, with clearly defined responsibilities. Further coordination is then ensured through formal and informal communication and weekly meetings. Finally, a steering committee was established bringing together, on an annual basis, all the officials responsible for the daily management of the programme.

Coordination is also a key aspect in the Emilia-Romagna (IT) where the MA is within the Regional Department of Agriculture. The MA is headed by the Directorate General and supported by a task force made of officials responsible for each axis including one with coordinating functions. The RDP management system is characterised by so-called task force rationale, which doesn't follow the same hierarchical structure of the Ministry. Rather, it is built up with selected expertise from within the administration and temporarily allocated to specific programming function(s). Overall coordination is ensured through participation of the appointed officials various committees and groups.

Within the centralised countries, the Greek case is an exception. The management of individual axes and measures is separated between few public authorities (SIA – Special Implementation Authorities). There is also a special authority responsible for overall coordination (Special Authority for Coordination). A similar articulated system for management and delivery of measures is also applied in Catalonia (ES), DK, IE and FR.

3.2.2 Assessment of difficulties, how these have been dealt with

Issues concerning the programming process: timing and modifications of the RDP

The definition of the RDP was undertaken in parallel with the development of the national strategy plan in most of the cases. The same *timing issues* as highlighted for the strategic process (described in section 3.1.2) were confirmed and further stressed with reference to programming.

The two processes were often undertaken within the same time frame and by the same responsible persons. This resulted in constraints in human resources both in terms of staff numbers and competencies. Additionally, in decentralised countries the definition and negotiation of the regional RDPs was carried out at the same time when the national strategy was defined at central level. This provoked problems of coordination and alignment between the national and the regional strategies.

The length of the programming procedure, combined with the short time frame provided by the EU regulations, caused dissatisfaction (e.g. DE, IT, PL). Furthermore, the late approval of the EC implementation regulation¹⁸ constrained the timely finalisation of the RDP content.

Another widely shared concern was the *complex system for modifications and approval* of the programme's content. In general, the interviewees saw that the current EU requirements for the definition and the modification of the RDP reduce the flexibility of the programme.

However national legal procedures for the programme implementation also increase the administrative workload and the overall complexity of the system. In the Polish case, for example, every measure is implemented through a specific national regulation. These regulations are subject to amendments whenever changes in the main programming document occur. Similar national procedures are adopted also in other countries such as BG (through 'ministerial ordinances') and HU ('legislative titles').

Issues related to the management of the RDP

Problems relating to the management of the programmes are caused mostly by human resource issues, national or regional administrative set-up, and the specific architecture adopted.

One of the main concerns in a number of cases (BG, DE, IE, IT) is related to the *availability and competences of the human resources* in the MAs and related bodies. This issue appears particularly in those contexts where articulated management structures and coordination

¹⁸ December 2006.

procedures have been put in place, and where a large number of actors (within the MA) are involved in the daily management of axes and measures. The very articulated coordination structure established in BG was pointed out as the main cause of the heavy constraints faced by the public administration in the effective running of the programme. This was further hampered by a radical restructuring of following political changes (there was a new government in place in 2009). *Retention of competent and experienced personnel* over time was identified as additional factor affecting programme management.

Even if the management framework was perceived as well-working and effective, constraints in personnel availability and adequacy were also expressed in the Italian case particularly at times where programme modifications absorbed a relevant amount of time. In this case an additional issue of *high administrative costs* was raised in relation to the overall management procedures (from the definition of the regional strategic framework to daily implementation tasks).

In general, the set-up of the RDP management structure and the definition of responsibilities at national (or regional) level were criticised in some MS as possible source of additional administrative costs, eventually affecting the timely delivery of the measures. Difficulties deriving from the articulation between governmental levels operating at different territorial scales and the division of competencies were highlighted in the French case. Similarly, in Greece, concerns were raised about risks of significant overlapping of responsibilities among the involved bodies, which causes implementation delays.

Issues related to decentralisation - coordination instruments at national level

In decentralised countries, the *communication and coordination* between institutional levels were seen as critical. They had significant impact during the programming process and in the daily management of the RDP.

Ensuring coherence also emerged as an issue in several cases. The possible consequences of decentralisation are similar to the ones introduced with respect to the strategic process (i.e. additional efforts to ensure that the content of the programmes at the regional level and the priorities and targeting set at central level are matching). In the case of the Italian region of Emilia Romagna this was emphasised by the additional level of decentralisation to the sub-regional level (provinces)¹⁹.

In other cases, coordination instruments such the National Framework Programme (NF) or parallel national support schemes were established at the central level. In the cases where a NF was applied, criticisms were highlighted in that it was considered either a weak (ES) or a too strict (DE) instrument. In the Spanish case in fact, the elaboration of the NF was assessed as an *ex-post* aggregation of measures already included in the regional RDPs. Thus the NF had limited coordination functions. In the case of Rhineland-Palatinate – where the NF is strictly connected to the implementation of the GAK²⁰ - the approach showed an

¹⁹ In this case however, the setting-up of competent administrations and procedures were deemed adequate in order to effectively manage the regional and sub-regional delivery functions for programming. This was particularly achieved by a very close horizontal and vertical coordination which is based on a strong tradition of cooperation practices between institutional levels.

²⁰ See a more detailed definition of GAK in section 3.1.1

effective coordination function. It also helped the *Länder* to decrease administrative burdens for the common measures. On the other hand, it was pointed out that *Länder* with financial constraints tended to adapt to the prescription of the GAK, while other *Länder* opted for a strengthening of their own programming priorities.

A similar conclusion was also drawn in the French case where much of the programme delivery is *de facto* delegated to regional and sub-regional authorities. France has a national co-financing system, which is determined by the peculiar delivery framework. This consists of measures managed at national (horizontal measures) and measures managed at regional level. This framework is seen to constrain the decision-making process at regional level. In substance, the Regions' flexibility is dependent on the negotiating capacity of the local actors and the degree of harmonisation between regional needs and national targets.

Issues related to the content of the programme and consultations

Content-wise, some problems identified in the strategic process found their way down to the following level of programming. *Path-dependency* and *unbalanced allocation of resources among sectors* were again common issues highlighted in the case studies. However, these are weaved together with wider problems of effectiveness of consultations, budget allocation - and more in general, availability of resources – and, effective targeting.

In a number of cases (AT, DK, ES HU, FR, IE) the *consultation process* undertaken in the programming phase didn't seem to influence the architecture of the programme in the sense of a wider inclusion of interests and a more balanced targeting. In other words, the results of the consultations seemed inadequately reflected in the final decision-making, particularly with respect to budget allocation. On the basis of the final configuration of the approved RDPs, concerns were expressed about the strong influence exerted by specific interest groups (particularly, from the agricultural sector) and/or the exclusion of some categories of stakeholders (e.g. NGOs in AT). In several cases it was clearly pointed out how, despite the consultation efforts, final decision on the content of the programme was a matter of political decisions (e.g. GR, HU).

As a direct consequence the programme structure retained a *major focus on the agricultural sector* (through both axis 1 and axis 2 measures). It has to be noted however that in some cases (IE, AT) a positive view was expressed with reference to the effectiveness of the consultation process. In these cases the focus on the agricultural sector, mainly across the direct support provided by axis 2 measures (AEM, LFA) was seen as the result of a pragmatic approach reflecting needs arising from the ground, coherence with the national strategy, results of the consultation process and previous commitments, all considered.

Other elements did play a role in the definition of the programming as well. Particularly, the *large amount of previous commitments* carried over from 2000-2006 affected the actual availability of resources for new programming priorities in the current period (especially the case for GR but also for PL). In general, budget constraints were pointed out as main causes for rationalisation of the expenditure and the increased focus on a small number of measures (e.g. in FR).

Limited financial resources and the economic crisis were mentioned in majority of the case studies. Particularly in some cases (IE, LV) the aftermath of such an adverse economic

situation with respect to programming and implementation was severe. In the Irish case²¹, for example, significant cuts occurred to the national budget, leading to reductions in the RDP budget as well. For instance, the co-financing rates for the agri-environment measures were reduced, the total financial allocation for the LFA scheme was cut, and the young farmers' installation scheme was closed. A number of measures suffered a similar fate in Latvia (e.g. the measures related to young farmers, advisory services, semi-subsistence farms, producer groups, conservation and restoration of rural heritage).

Balance between axes and coherence with the EU Rural Development policy architecture

The allocation of the financial envelope between axes and measures was assessed as the most sensitive and difficult exercise in the programming process in almost all the cases. Two main orders of issues seem to emerge from the case studies:

- The consultation process undertaken by the authorities during the preparation of the RDP was often not adequately reflected in the final decision-making on financial allocations. This is mostly a result of a national (regional) process, weight of different interest groups, and, eventually, political choice, within the balance established by the EU framework.
- The EU regulatory framework and the pre-defined policy architecture were deemed as strict by the interviewees. The EAFRD structure of axes and measures was seen to reduce the flexibility that MS and Regions have in designing their programmes in accordance with their own strategic and programming needs.

On top of that, the general confusion around the real nature of the axes and whether they have to be considered as "containers of measures" or "objectives". In fact, the objectives stated by the EU regulation could be achieved through the combination of measures not necessarily included in one axis only. Such a synergy approach had been regularly recommended by the Commission.

Issues related to the number and description of measures

Finally, the complexity of the operational tool-box, i.e. the measures, offered by the EAFRD was raised in several cases. More specifically, the number of measures available and the excessive level of detail/complexity of the measures were deemed problematic.

The measure definition was considered over-regulated at the EU level. It is also linked with the abovementioned problems concerning the overall architecture of the policy and the rigidity embedded in the concept of axes as "containers of measures". The main effects on programming and implementation were:

- difficulties (especially in new MS such as BG, HU, LV) in making the appropriate choice of measures that are relevant for implementing the national strategic priorities;
- (consequently) a difficult process of adapting/refining the chosen tools in order to address the national or regional needs and the financial allocations. This often resulted in the revision of the measure description and specifically the fine-tuning of the eligibility and selection criteria;

²¹ In Ireland, the significant changes occurred in the programme's structure were as well the consequence of the restructuring following the additional funds made available by the HC and the EERP.

- deciding on the balance between the number of measures under each axis;
- the lack of synergies generated between measures at the implementation level by MS.

A number of examples were provided in the case studies with respect to specific measures or an entire axis. These include both the abovementioned issues and additional problems of adequate absorption of funds, administrative burdens for beneficiaries, and availability of private funds (i.e. aid intensity).

Axis 2 measures (measure 214 *agro-environment* in particular) appear to be the ones suffering the most for over-regulation in terms of design/description, number of sub-measures and objectives, and requirements in terms of controls. However, the number of sub-measures employed was decided by each Member State.

3.2.3 What has worked well, innovative suggestions for the future

Programme development and consultation

Even though there were constraints related to timing and human resources, the national and regional administrations appeared to have put in place articulated working process for negotiating the programme structure and content.

The interviewees suggested that improvements should be undertaken at the EU level in defining the timing of the programming process and related negotiations (i.e. clear sequencing of NSP definition, consultation, negotiation, RDP development and approval)²².

In several cases, satisfaction was expressed about the results of the programming process even in meeting the tight deadlines established at EU level and making the most out of the competences available in-house. As far as possible, human resources and experience cumulated in the past programming period were utilised (as highlighted, for instance, in AT and BG). Yet, according to the opinion expressed in some case studies - national (and regional) authorities should ensure a better retention of expertise and availability of experienced staff, not only during the drafting phase but throughout the programming period.

Tailored training actions should be considered to improve capabilities of the personnel involved in the RD programming. One good example of this was provided by the Bulgarian case where the newly appointed employees underwent an extensive training on EU structural funds and the CAP.

With respect to consultation, the process was considered as fruitful and widely participated in more than one case (e.g. BG, DE, IE, IT, ES, LV). Extensive involvement of a wide range of stakeholders (institutional ones and socio-economic partners) was indicated as the value added brought from the process to the definition of the programmes, notwithstanding the real impact this had on the RDP's content. In this respect, the EU mechanism of minimum spending between axes was assessed positively. The mechanism was considered helpful in ensuring a more equilibrated approach to programming and taking into account wider objectives of rural development.

²² This proposal was elaborated during meetings and following workshop with the Members of the TWG4.

Modifications of the programmes

Many interviewees (as in DE, IT, PL) agreed on the need for a more simplified mechanism for approving minor programme modifications, thus improving the flexibility and the capacity to adapt to unexpected situations (e.g. financial constraints). In this respect, a specific suggestion was to enhance the advisory role of the Commission sitting in the MC. Early warnings and suggestions provided by the Commission during the discussion of the programme would be helpful in the view of ensuring a swift approval of the modifications.

Management of the RDP and coordination

The issues with day-to-day management of the programmes suggest for further improvement directed to find simplified (cost-effective) working procedures and more effective coordination approaches. In this respect, some positive examples are highlighted:

- In Austria, there is good horizontal coordination among the federal states through frequent contacts and exchanges, aiming at reaching consensus on recommendations put forward to the national level. This proved to be very useful, for instance, in the definition of specific elements of the RDP as the agri-environmental programme and the LFA measure.
- Ireland set up a joint working group between the two main administrative bodies in charge of management and delivery of the RDP (i.e. the DAFF and the DCRGA, respectively for axes 1,2 and axes 3,4) in order to address the separate management structure and facilitate coordination across axes.
- Emilia Romagna (IT) set up an administrative organisation and procedures capable of managing the regional and sub-regional delivery functions.

Ensuring flexibility of the programme's architecture

With reference to ensuring balance between axes and coherence with the EU-level policy architecture, several interviewees (for instance, in DK, IE, IT, LV, PL, FR) expressed the need for a more flexible programming approach. This, it is argued, should be realised by diverting from the approach indicated by the EU framework which identifies the aggregation of measures by axes with the objectives to be achieved by the programmes (axes as containers of measures). The experience in some case studies is that it can be difficult to establish a direct correspondence between the different axes and the overarching objectives of the rural development policy. For example, the objective 'competitiveness of the agricultural sector' may be achieved through a combination of different measures from several axes.

Furthermore, several other issues mentioned in the case studies, such as ensuring coherence between EU priorities and national/regional needs, better targeting of EAFRD support, simplification of measures description, could be tackled through shifting from a programming approach focused on policy tools to a more flexible one based on the clear definition of objectives²³. Within this configuration, the principle of the minimum allocation

²³ This improvement though is very much connected to the definition at the EU level of a more clear strategy and defined targets, as raised in the analysis of the strategic approach.

between axes should be replaced with a similar criterion to ensure a balanced approach among objectives.

By considering the tools and the possibilities offered in the current programming period, one objection to the above could be that the actual structure of the policy already allows the implementation of integrated packages of measures across axes. One good example of this comes from the Italian case (Emilia Romagna) where priority is assigned to integrated investment projects linking different economic actors along the agri-food supply chain²⁴. In practice though, the requirements for monitoring, reporting and evaluation of results by axes do not facilitate the reading of the achievements of these integrated approaches.

Another relevant example on how to tackle this order of problems - and showing a certain degree of innovation is provided by the Danish RDP.

²⁴ Achieved through assigning higher score to joint project applications, and linking individual financing needs to collective investments.

Up until the current programming period **Denmark** had four types of instruments for rural areas, namely: i) the Rural Community development scheme financed at national level and addressing the wider rural population; ii) the 2000-2006 RDP co-financed by the EU and the Ministry of Agriculture; iii) the Leader+ initiative co-financed by the EU; and a number of national schemes related to environmental concerns.

The introduction of the NSP in Denmark by the RD regulation for 2007-2013 provided the chance -and the framework- for establishing a close coordination between the measures co-financed by the EAFRD and the national support schemes under the Ministry of Agriculture. The current national schemes implemented in DK have been structured on thematic basis. The themes include food product quality, extensive production on agricultural land, establishment and management of wetlands, investments in biogas plants, sustainable forestry, new jobs in rural areas, skill acquisition, and others.

At the initial stage of programme definition, the Danish authorities maintained a strong programming approach based on the national schemes, with measures integrated by objectives. This structure did not match with the policy structure offered by the EU regulation. As a result of the negotiations with the Commission, the Danish authorities were asked to redraft the programme taking into account the division by measures and axes indicated in the Regulation. The request was to ensure a clear correspondence between the national schemes and the axes/measures structure of the EAFRD. Formally, this was ensured in re-drafting the programme but without any substantial modification of the national schemes.

The resulting approved RDP in fact embed a "double architecture", one reproducing the EU regulatory structure of axes and measures and the other linking this to the national schemes. In practical terms this means that the EAFRD measures combined across axes are *de facto* supporting the application of the national schemes (and of course addressing the strategic objectives defined in the NSP).

From an administrative and delivery perspective, the national application schemes remain the main reference support tools both for the implementing authorities and beneficiaries. The conjunction between the two architectures is in fact realised at the sub-measure level.

The CAP Health Check provided the opportunity to introduce a new national strategic framework, the Danish Green Growth Agreement (GGA). This is a national strategic and political document assembling the strategic approaches of the national schemes under an enhanced environmental focus. The GGA, together with the Health Check modifications, has contributed to strengthening the link between the EU priorities and the national ones, and the justification for such integrated programming approach.

Number and detail of measures

The main suggestions made by stakeholders -at all levels- collected through the case studies (e.g. FR, AT, DE, BG, LV) are pointing towards the simplification of the fixed and thoroughly-defined set of EAFRD measures in order to ensure more flexibility, specifically:

- a significant reduction of the overall number of available measures (regardless of the axis concerned);
- simplification of the measure descriptions, reducing the level of detail provided in the EU regulation and leaving the task to the programming document at the national and regional level;
- definition of two main typology of measures²⁵, namely:
 - i) pre-defined and simplified measures addressing specific sectoral needs/beneficiaries (as currently the cases in axes 1 and 2);
 - ii) thematic measures defining broad typology of interventions (e.g. investments, infrastructures, etc.) which will be more effective in ensuring synergies between axis 3-like interventions when applying in specific fields of activity (e.g. tourism);
- possibility to integrate individual measures and sub-measures in the attempt to create synergies in pursuing nationally defined objectives.

Such suggestions are logically closely related to requested improvements at the EU level relating to a more clear definition of the policy's objectives and targets.

Simplification of agri-environmental measures was suggested on the basis of national and regional experiences. The measures are deemed complex, and they have multiple objectives. This is reflected in the high number of sub-measures -or actions within the measure- which can be very different in scope and criteria (which creates additional burdens in terms of monitoring and evaluation). Yet, the number and complexity of agri-environmental measures varies from Member State and region to another. This is because only general measure description is spelled out at the EU level. The MSs/regions then design and define suitable sub-measures to tackle their own specific local needs.

It was suggested for the measure design to be clear, based on a few main operational targets. This could take place both at the EU and the programme level and would help to simplify the measure description. However, simplification should not bring along standardisation of the measure, endangering the possibility to address national/regional needs.

It was proposed that beneficiaries should be left with the possibility to achieve the measure objectives by combining agri-environmental actions envisaged by the RDP which are best suited to their needs. This further improvement however, would require particular attention at the national/regional level. Not only specific implementing rules would be needed, but also more guidance and advice to applicants in order to help them identifying the available actions that fit their needs the best.

²⁵ This proposal was elaborated during meetings and following workshop undertaken with the Members of the TWG4.

A more simplified and flexible approach towards the implementation of measures is proven to be more effective when the regional and local level needs are reflected in the measure definition (e.g. through territorial targeting). Given the specific territorial dimension of axis 2 in particular, the regional and local administrative bodies are particularly involved in the delivery process. However, the case studies show a lack of influence of these levels in the central decision making process. Regional and local authorities should therefore actively take part in the negotiations with the EC, working as intermediaries between the central level and the local instances.

Some MS advocate that establishing a capacity building process would be beneficial for addressing important issues linked to the architecture of the policy and programming. This would be possible, for example, if more guidance from the EC was provided and exchanges of information among MS were promoted on these matters.

3.3 Implementation procedures

At the EU level, the guiding principle and prescriptions organising the implementation of the RDPs are established in the relevant set of rural development regulations. In Annex II of this report an exhaustive list of such regulations is provided for further reference.

The implementation procedures cover several aspects of the policy delivery. From the management point of view, the main aspects of policy delivery are the designation of the implementing bodies, definition of their responsibilities and tasks, and vertical coordination. Later on, the application of rules and their implementation at the national and regional level spell out in practice how the national/regional strategy is translated in concrete actions on-the-ground. Finally, the actions themselves determine the procedures, requirements (and obligations) that the beneficiaries have to follow.

The institutional set set-up for implementation procedures is based on three bodies, which every MS has to designate according to Article 74 of the RD Regulation, namely:

- the Managing Authority (MA);
- the Paying Agency (PA);
- the Certifying Body (CB).

As part of its content²⁶ each RDP has to designate such competent authorities and bodies responsible for the implementation, together with a brief description of their management and control structure. Table 5 summarises their main functions as defined at the EU level.

Table No 5 - The main tasks of the Managing Authority, Paying Agency and Certifying Body

Managing Authority (Article 75 of Council Regulation (EC) N° 1698/2005)	Paying Agency (Article 6 of Council Regulation (EC) N° 1290/2005)	Certification body (Article 7 of Council Regulation (EC) N° 1290/2005)
Responsible for managing and implementing the RDP, in particular for:	Department or a body of the Member State. Its main tasks concern the respect of rules related to payments and collection and communication of information. In particular it shall guarantee that:	A private or public legal entity, designated by the Member State. The certification body shall:
1. ensuring the correct selection of the project, according to the criteria applicable to the RDP.	1. the eligibility of requests, the procedure for allocating aid and their compliance with Community rules are checked	1. certify the truthfulness and accuracy of the accounts of the accredited paying agency.

²⁶ Article 16(i)(i) of Council Regulation (EC) N° 1698/2005.

Managing Authority (Article 75 of Council Regulation (EC) N° 1698/2005)	Paying Agency (Article 6 of Council Regulation (EC) N° 1290/2005)	Certification body (Article 7 of Council Regulation (EC) N° 1290/2005)
	before the payment is authorised.	
2. recording and maintaining statistical information for the purpose of monitoring and evaluation.	2. accurate accounts of the payments made are kept.	2. take account, on performing the previous task, of the management and control system set up.
3. ensuring that beneficiaries and other bodies involved in the implementation of the projects are informed about their obligations in relation to: <ul style="list-style-type: none"> financial aspects: maintaining a separate account or an adequate accounting code for the transaction related to the project; provision of data for monitoring purposes. 	3. The controls procedures laid down by Community Legislation are made	
4. ensuring the conformity of the evaluations to the Regulation (EC) N°1698/2005 and to the CMEF.	4. The requisite documents are presented within the time limits and respecting the form established by the EC rules.	
5. leading the Monitoring Committee.	5. The execution of these tasks can be delegated, with the unique exception of the payment of the Community aid.	
6. ensuring the respect of the obligations concerning publicity (Article 76 Regulation (EC) N° 1698/2005)		
7. drawing up the annual progress report, to be submitted to the EC after approval by the Monitoring Committee.		
8. ensuring that the Paying Agency receives the relevant information in relation to the operations selected for funding.		

This section mainly provides a description of the institutional arrangements occurred in the selected MS/Regions with particular reference to the definition of roles and responsibilities of the above-mentioned implementing authorities and bodies. Given the important role played by the specific national and regional set up, the focus is placed on the level of decentralisation and delegation of functions and, when possible, the vertical coordination

mechanisms put in place. The section also explores how the application of implementation rules translates in terms of requirements and procedures for the final beneficiary (e.g. submission of applications, payment claims, etc.). Other specific aspects of implementation (particularly controls and Leader) are addressed in other sections of this report.

Main implementing issues and possible suggestions for future improvements are presented on the basis of the information provided in the case study reports and the discussions undertaken within TWG4 meetings.

As explained in the methodology section, further information on the implementation arrangements is provided for specific measures. This additional information on measures 121, 214 and 321 is limited to a number of case studies (DE, DK, FR, GR, HU, PL).

3.3.1 Who does what

The competent authorities and bodies responsible for implementation

The Managing Authorities of the case study RDPs have been identified in section 3.2. Their institutional set up and a general description of the overall management structure of the RDP were outlined and the related issues identified.

This sub-section focuses on the relationships and division of responsibilities and tasks between the MA and other implementing bodies, in particular the PA.

The MA is usually established within the Ministry of Agriculture, or the Agriculture Department at regional level. The main tasks and responsibilities of the MAs correspond to those required by Council Regulation EC N° 1698/2005 and summarised in the table above. In regionalised MS (IT, DE and ES) the national administration plays a role of coordination and the regional authorities are the MAs responsible for implementation.

Accredited Paying Agencies are usually established within public agencies or bodies which are institutionally separated from the MA. Only in four cases (DE, DK, ES, IE) out of the twelve examined, is the PA located within the same administration structure of the MA, even if operated by a separate/independent functional unit. In DE-RP for example, the two authorities are located in the same Ministry but run by two different work units. In DK, the PA is located in a specific department of the Food Industry Agency (the MA of the programme).

The tasks of the Paying Agencies are assigned according to the legal provision established at the EU level. These go from conformity controls on the applications and reimbursement claims, to payment of the Community aid and accountancy. In a number of cases PA functions are devolved at the regional and local level as provided by the EU rules, even in centralised countries. That means that the PA can operate through central offices or decentralised/local structures which usually deal with payments. Claims to Brussels for

expenditures are managed at central level by an appointed coordinating body²⁷ so that only the central administration deals with the EC (IE, ES).

The new MS tend to delegate additional implementation tasks to the PA and other delivery bodies. In HU, LV, PL and BG the PA is responsible for the entire implementation of Axis 1, 2 and 3. In HU for example, the Agricultural and Rural Development Agency (the PA) has been devoted further specific tasks in accordance with the national legislation. It is responsible, among other functions, for developing applications forms, administering requests/applications received, and controlling the requests, performing on-the-spot controls. It is also involved in the management of specific measures for which it has delegated part of its tasks to specific institutions according to the specific area of expertise.

Centralised vs. decentralised implementation models

The implementation of RDPs across the EU-27 is highly varied. The differences reflect the institutional contexts within which rural development programme operates, as well as the prevailing customs and governance and administration cultures in each country. Nevertheless, the framework of the EAFRD and its implementing regulation ensure some common features in respect of various aspects of the delivery system, and certain common approaches are apparent.

Two dimensions of the delivery process can be considered, on the basis of which a categorisation of the cases examined has been carried out. The first relates to the *institutional level at which the policy governance takes place* (i.e. the responsibilities for design and management of the RDP). In this case, MS are distinguished on the basis of national or regional programming competences, with DE, ES and IT falling in the second group.

The second element refers to the *delegation of implementing tasks*. Within this framework one can see a range of cases where operational responsibilities for the delivery of the RDPs are devolved to subordinated agencies or bodies. This ranges from a low level of delegation (i.e. a limited number of competences assigned to a relative small number of delegated bodies) to a high level of delegation, where implementing tasks are split through several bodies/agencies with more articulated relationships between them. Both MA and PA tasks can be delegated according to the EU regulations²⁸.

²⁷ According to article 6.3 of Council Regulation (EC) N° 1290/2005, where more than one paying agency is accredited, the MS has to inform the Commission about the body responsible to collecting and sending the relevant information and, ensuring a harmonized application of the Community rules. Such body is referred to as the "coordinating body".

²⁸ Further, a distinction can usefully be made between delegation as 'instruction' and delegation with responsibility. The first is described with the French term 'déconcentration' because it does not give real decision-making power to the next level. The latter, on the other hand, can influence elements of policy design and delivery in that process (for example, determining selection criteria or thresholds for acceptance, for applications).

Within this framework, Member States and regions can be grouped on the basis of a centralised or decentralised delivery. The case studies show that this distinction can apply irrespective of whether RDPs are designed at national or regional levels.

A *centralised approach* is where the MA takes the lead role in shaping, and directly delivering, all or most of the measures under the RDP, supported by a single Paying Agency (which may be a separable part of the same Ministry, or an independent body). In contrast, where a *decentralised approach* is applied, the MA delegates some elements of scheme design as well as the day-to-day delivery of measures, to other bodies. These bodies can include other Ministries, more local-level institutions of government, or various kinds of specialist agencies at national or more local levels. In between these two distinct approaches, what can be labelled a *semi-decentralised approach*, takes place usually in countries with a national RDP, where nevertheless the set-up of functions and the division of labour is more articulated than in the first instance, with a different grade of devolution of functions at national, regional and local level. In most cases, this is measure or axis-specific.

According to these two dimension described above, the twelve countries/regions covered in the case studies can be placed on a "continuum" between the two extremes of centralised and decentralised implementation as described above.

When considering the actual delivery structure in place, the *centralised model* is typical for smaller countries with relatively slim administrative structures²⁹. For example, in LV a single person may be in charge of each RDP measure at the MA, and one operational unit responsible for the administration of each measure within the PA. However, the centralised model is used in Bulgaria too, a much larger country. In the Bulgarian situation, notably, the Paying Agency takes a greater role in delivery (axes 1, 2 and 3) than is apparent in Latvia, as compared to the tasks undertaken by the MA (only axis 4). The other representative of this category is IE, which too shows a centralised delivery framework confined to a relatively small number of institutions. Operational delivery of the RDP is assigned to the Department of Agriculture, Fisheries and Food (DAFF) (axes 1 and 3) and to LAGs (axes 3 and 4). The PA has partially delegated its task to the Department of Community, Rural and Gaeltacht Affairs (DCRGA) for axes 3 and 4.

A *semi-centralised approach* is applied in a number of MS with a single national RDP, where overall coordination and responsibility of the programme implementation resides in the designated MA at the central level, but implementing functions are delegated (often according to specific axes/measures) to a number of actors. In an attempt to rank these cases in order of increasing institutional complexity of delivery (i.e. delegated functions), this is the case for: DK, HU, GR and, PL. In Denmark for example, implementation functions and responsibility is allocated according to the type of measure and support. Namely one administrative unit in DFIA (Danish Food Industry Agency – the MA) is responsible both for direct payments under Pillar I and the environmental payments of Axis 2. A different unit in the MA delivers investment measures under Axis 1 and 3 (apart from those implemented through Leader). Finally, LAGs are in charge of the delivery of most of the Axis 3 measures through the implementation of their local development plans.

²⁹ Differences in the management structures of the RDPs are outlined and commented on in section 3.2.

In HU, 3 units within the Managing Authority are involved in the management of the RDP. The PA has delegated part of its task to specific institutions (in line with the national legislation) which are responsible for the management and the delivery of specific elements of the programmes according to their area of influence. Leader groups, for example, were delegated tasks of administration of applications, checking of formal compliance and, project selection *de facto* acting as local offices of the PA.

The institutional delivery framework of the Greek RDP is centralized and the management of individual axes and measures is implemented by a small number of public authorities (Special Authorities for Implementation – SIA). The MA and each SIA consist of different units assigned with specific tasks (e.g. programming; monitoring and implementation; controls etc.). The MA mainly has a coordination and supervision role. However it also implements some measures. The SIA have the responsibility for the implementation of RDP measures but several of their jurisdictions resemble to those of the MA Units. Hence most of their tasks are carried out in close cooperation with the MA. Controls and inspections and carried out by both MA and SIA.

Finally, PL arguably exhibits the most emblematic example of semi-centralised implementation. The country has opted for a single RDP and a central management. The actual delivery is nevertheless carried out at different institutional levels by delegated bodies with many types of interdependency between them. In total, 4 different institutions deal with the processing of the applications at different territorial levels³⁰. The Paying Agency (ARMA) is one of these and it has been delegated implementing functions for a number of measures in addition to the normal paying functions. On the other hand, some tasks of paying agency too - which were not originally delegated to ARMA- are delegated to other institutions (e.g. Marshal Offices, Agricultural Market Agency and others). This means that some of these bodies carry out tasks delegated both from the MA and the PA. Delegation of tasks is defined according to the single measure.

The most *decentralised approaches* to RDP implementation are found in Member States in which regions or sub-regional bodies have a significant role in co-financing the measures under particular axes/measures (IT-ER, ES-CAT, DE-RP). In these cases, therefore, it is recognised that those bodies which must put in their own funding to ensure measures' delivery should also have a central role in overseeing their implementation.

However there are cases of national programmes -as in France and Austria- where the central state Ministry is involved in agreeing individual contracts with the regions which cover, *inter alia*, their role in this process. In Austria this includes making decisions on individual applications at the regional level. Within their (institutionally) centralised management system, the actual delivery of the national programme is *de facto* decentralised with tasks and responsibilities assigned to the regional administrations. Delegation of functions is limited at the federal state level in AT, while in FR a higher

³⁰ Namely: the Voivodship self-government; the Agricultural Market Agency; the Foundation of Assistance Programmes for Agriculture and; the Agency for Restructuring and Modernisation of Agriculture (ARMA, which is the paying agency).

number of players at regional, sub-regional level (departments) and local (territorial communities) enter into the scheme. In both cases, the single national PA has regional offices.

In Emilia Romagna (IT) the programme design and delivery is responsibility of the regional government. The implementation tasks are partially delegated to provinces (sub-regional level), according to the measure and typology of intervention. Here the MA puts in place an articulated management system which makes allocation of final responsibilities more complex³¹.

In Catalonia delivery is undertaken through five different delivery channels (according to measures). The most important is the Global Farming Contract (CGE – Contrato Global de Explotación, see text box below) which covers a number of axis 1, 2 and 3 measures addressed to individual professional farmers. Other specific measures are managed directly through the regional administration of agriculture or environment, while six measures under axis 1, 3 and 4 are directly implemented through LAGs. All in all, the number of actual player in the delivery is still limited. Within this framework the regional PA is assigned the basic controlling and paying functions in accordance to the EU rules.

Within this category the German Rhineland-Palatinate state puts in place a diversified implementation system which is somehow similar to the one applied in the Polish case. The functions of the MA and the PA vary and are differently allocated according to the specific measures (e.g. invest measures vs. area-based measures). Daily operational management is delegated to different regional services. Also overall supervision of the delivery is allocated to the Ministry of Agriculture or in shared responsibilities with the ministries of environment.

Coordination among implementing bodies

Within the framework of multiple delegations of functions, co-ordination between each involved body is essential. Information on this aspect was provided in a relative small number of case studies particularly those with a more articulated system in place. Coordination procedures between and within implementing authorities can assume the form of formal procedures established through regulations and directives (as in DE, where procedures also established communication paths and instruments). Beside, regular meetings held between the implementation departments are mentioned as instruments to ensure coordination within the MA. In this respect, the management committee established in Emilia Romagna (IT) is a good example of how co-ordination between regional and sub-regional level can be ensured.

Choice of the implementation system and changes from 2000-2006

Only a minority of case studies report on the justification for the actual management and delivery systems in place, or state the main changes compared to the previous programming period.

³¹ See section 3.2 for more details.

In most of the cases the current implementation settings appear to be a consequence of the (positive or negative) experience gained through the previous programming exercises, or simply the continuation of such practices.

Some additional details have been provided with reference to the most complicated approaches described (e.g. AT, PL, DE) and specific advantages were described. For example these can be related to a better coverage of the territory, ensuring proximity to the final beneficiaries, or the possibility to offer specific know-how and assistance with reference to certain kind of interventions. Other reasons for delegation of functions can derive also from good practices and positive results under the delivery framework of other policies (ERDF).

Last but not least, the evolution of the institutional context at national (or regional) level should be considered, and the development of the legislative background accompanying new policy orientations.

In Ireland, for example the 2000-2006 programme was wholly managed by the DAFF (Department of Agriculture, Fisheries and Food) but for the new programme the decision was made to involve DCRGA (Department of Community, Rural and Gaeltacht Affairs), a second government department, in order to improve co-ordination between axes 3 and 4 of the RDP and other, nationally-funded programmes for social cohesion (which were also DCRGA's responsibility). In Spain (Catalonia) the adoption of a national law on the Sustainable Development of the Countryside -establishing an overall framework for coordinating national policies, in all sectors, for rural areas- influenced the regional strategic priorities and delivery choice by adopting a territorial approach, at sub-provincial level. Additionally, another law on agricultural orientation was at the basis of the Global Farming Contract (CGE) delivery model.

The application and implementation process: support provided to beneficiaries

Beneficiaries face particular needs and requirements related to the preparation and submission of applications, the implementation of projects and (in more limited number of cases) preparation and submission of payment claims. In each case study country, specific organisations that provide support for beneficiaries were identified.

According to the case studies, the range of organisations that provide support for farmers and other rural stakeholders include farmers' organisations (such as the Danish Agricultural and Food Council and Organic Denmark, or the Hungarian Association of Agricultural Cooperatives and Producers), the Chamber of Agriculture (e.g. FR, HU, PL), Local Action Groups, public extension services (e.g. agri-economists in Hungary and public advisors in Poland) and private consultants. Most beneficiaries seek the advice of one or more of these organisations during the application process, even when they are relatively confident about what needs to be prepared as part of the applications.

The structure and quality of support provided during the application process varies from country-to-country, and may also depend on the skills and knowledge of individual advisors. Other support tools available for beneficiaries during the application process includes detailed information and guidance from institutional websites, information events,

information fiches and other publications, and formal and informal consultations. Some countries/regions, such as Catalonia in Spain have developed complex services for beneficiaries during all stages of the project cycle (see text box below).

Different tools and strategies can be put in place in order to fill the “administrative gap” (often linked to actual physical distance) between the beneficiaries and the central administrations. In a number of cases (e.g. DK, FR, HU) the organisation providing support (being Ministerial offices, chambers of agriculture or farmer organisations) ensure a wide territorial coverage through a network of decentralised offices. In other cases, potential or actual beneficiaries come together in workshops and meetings with the aim of providing first-hand information on specific schemes, calls about to be opened and the obligations that beneficiaries will have to comply with. Finally –usually before a call is launched- formal and informal exchanges with stakeholders are organised in order for the central administration to get information on needs and difficulties faced by potential applicants.

As far as the implementation stage is concerned, case studies focused on the obligations faced by the beneficiaries, especially with regard to on-site visits and controls. There was little information on the various forms of support provided to beneficiaries during this phase. Few examples are however mentioned of the role of public authorities in providing support for beneficiaries during implementation (as the case of the Danish Agricultural and Food Council). Advisory services during project implementation often have a more limited role and act as intermediaries between beneficiaries and the relevant authorities (e.g. LAGs in Denmark and advisory services in Spain). Obligations of beneficiaries during the implementation process differ widely between measures and countries. More detail has been collected on specific measures as reported in section 3.3.4.

A notable feature of the Catalan RDP in **Spain** is the Global Farming Contract (Contrato Global de Explotaciòn - CGE in Spanish) which aims at improving the competitiveness and multifunctionality of the Catalan farms.

The law 18/2001 regarding agricultural orientation established the possibility to create farming contracts between the administration for agriculture and farmers. The aim is to promote environmentally sustainable activities and specific models of farming.

On this basis –and given the following reform of the CAP- a pilot project for developing individual farm strategies for economic adaptation was conducted. The original objectives of such pilot contracts were to promote innovation measures, address risk issues, and improve product quality. The pilot was conducted so that the farms were considered as a global entity in terms of managing RD support. Within this framework the Pilot Plan for the CGE was adopted and subsequently review (2007) after a trial phase.

The CGE is a contract between the regional public administration and the individual farmer. It consists of a business plan with an integrated (global) vision of the future investments and an assessment of the viability of the business in order to establish the profitability of the investments. On this basis the farmer chooses among a set of available RDP measures which are more suitable to the plan and signs a 5-years contract for its implementation. By doing this, the farmer obtains the grouping of all the measures, their approval as a single package and benefits from the priorities set for each of them.

The available measures are those envisaged by the RDP. The contract is compulsory for every beneficiary farm and extended to all rural areas of Catalonia without distinction. Furthermore the CGE covers support both for the direct payments of the first pillar as well as for the measures included in the second pillar.

According to the type of measure envisaged by the business plan, two forms of contract can be established: a “simplified” one (“contrato abreviado” in Spanish) for beneficiaries who apply only for one measure (for example, the agro-environmental measure) and a “general” one, for beneficiaries that take up more than one measure and intend to make investments.

The signing of the contract implies a series of obligations taken by farm holders in exchange for the support received (taking up a training course, carry regular farm accounts comply with traceability, etc.).

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The provision of support in relation to (CGE) is organised along an annual cycle divided into different tasks to be accomplished by the administration and the advisory services in an integrated manner. The annual cycle is divided into 3 blocks, the first dealing with the preparation of the application involving beneficiaries and advisory services, the second dealing with controls and the approval of support, and the third dealing with the realisation of the investments or actions and the payment of support.

Advisory services to beneficiaries are provided by cooperating entities ("entidades colaboradoras" in Spanish), which may be accredited at two levels: simplified contracts and/or general contracts. The variety of providers and their way of selection guarantees competition between them, stimulating efficiency. Most advisory services also have decentralised offices that cover all the rural areas and are relatively near/within reach of farmers.

3.3.2 Assessment of difficulties, how these have been dealt with

Legal basis of the implementation procedures

As emerged from the case studies -and confirmed by the outcomes of the consultation with the members of the TWG4- the perspective of the national/regional authorities towards the set of implementing rules established at the EU level is often that of a complex and unclear legal framework. More specifically, the regulations governing the RDP implementation are subject of frequent changes. Therefore unclear and ambiguous interpretation of such a set of rules generates problems in implementation. Changes in the legal framework also require adjustments in rules for beneficiaries, which lead to further administrative burdens.

The practical repercussions of the unclear legal framework are found in the description of the issues arising throughout the implementing process (from the application phase to controls and payments). Some of these issues are specifically addressed under the other relevant sections of this report.

Obstacles in implementation are often generated at the national and regional level, for example, because implementing rules are prepared in a short time following the legal provisions. Moreover, the management structure of the RDP and the implementation procedures put in place (e.g. division of tasks, responsibilities, delegation of functions) can generate specific problems causing delays and bottlenecks.

Organisational aspects and administrative capacity

It is not possible to identify or specify a single implementation model, which ensures the best results in delivery. The suitable implementation model depends on the national/regional contexts, which are diverse. Similarly, the institutional settings and rules of procedures vary considerably. Therefore, both centralised and decentralised implementation models show strengths and weaknesses. The case studies give evidence of too strict centralised implementation procedures (e.g. BG), as well as too complex and articulated management structures (e.g. FR, GR). Some horizontal concerns however can be identified:

- *Coordination between implementing bodies.* The issue of lack of effective communication, flow of information and general coordination between the main implementing subjects (particularly between MA and PA) arose in a number of cases. This is more evident in – but not limited to- more articulated/decentralised delivery context, given the overall number of players involved. The more articulated the division of functions is the more the need of coordination. This contrary happens to in GR, for example, where inter-ministerial coordination is considered to be not sufficient and the delegation of tasks to the Special Implementation Authorities (SIA) has caused problems of overlaps with the operations of the MA.

Problems of lack of coordination between MA and PA were highlighted also in BG and HU. In both cases the flow of communication appears to be problematic and a common possible cause was indicated in the major role played by the PA both in the delivery and control tasks, and the scarce collaboration in transmitting the relevant information to the MA. In the Bulgarian case this was additionally hampered by the lack of an appropriate IT system for the transmission of data. Direct consequences of such poor coordination were identified in delays and scarce synergies between measures in the implementation phase. In the case of Rhineland-Palatinate the mid-term evaluation highlighted that the day-to-day management of the single measures seem to be implemented independently from each other.

- *Administrative capacity.* The adequacy of the implementing bodies' staff numbers emerged as a major issue. The capacity of administration seems to be too low to solve all the problems arising in the course of implementation. Partially, the lack of capacity is linked to the increasing work pressure on a relatively small number of people. This appears to be particularly true in centralised contexts. But as pointed out in some cases (IE, GR) also the retention of capacity (cumulated through past experience) is considered to be crucial in addressing the administrative needs. These aspects have led to problems at the application and project implementation phases. Significant problems, for example, have been observed in communicating with beneficiaries, ensuring assistance in the application phase and an adequate follow-up. Again, in some cases, issues related to the implementation of IT systems for managing the application process (PL, IT, HU) caused additional inconveniences at the beneficiaries' end and delays in the implementation of specific measures.
- *Choice of the legal instruments.* In some cases issues of administrative overload are clearly related to very specific procedural choices made at the national level. In the cases of BG and HU, national administrations have opted for the adoption of

legislative instruments in order to implement RDP measures. In Bulgaria every measure is implemented through a “ministerial ordinance”. Similarly, in HU “legislative titles” are issues at national level instead of calls for proposals, followed by ministerial decisions in the place of contracts between the public administrations and the final beneficiaries. These instruments add an additional administrative layer within the implementation process, absorbing resources both in their development and in ensuring their consistency with the RDP prescriptions. Practical downsides of this choice are perceived not only at the administrative levels but also at the beneficiary level (for instance, the legislative text can complicate the description of the measure’s requirements).

Eligibility and selection criteria

The rural development regulations require that operations under the RDP are selected according to specific criteria (defined by the MA) and state that the Monitoring Committee must be consulted on them. However, frequent problems in MS/Regions have been reported with respect to targeting of funds and achieving goals defined in the RDPs. This refers particularly to defining eligibility and selection criteria in line with the identified need and objectives. The problems manifest themselves in several different kinds of ways.

In general, there seems to be a problem with the definition of the criteria so as to maintain consistency between eligibility and selection criteria and the targets set in the RDP. The DK and HU cases show evidence of weak targeting and unclear prioritisation of projects because of vague eligibility and selection criteria. Similarly in ES-Catalonia, the eligibility and selection criteria are reported to be little used. On the other hand, the BG case illustrates ineffective selection criteria, and the LV case shows eligibility criteria that are considered too strict. Finally, in other cases the major problems seem to lie on the scarce transparency towards the beneficiaries. For example in PL (as for measure 121) selection criteria are not stable and changed from call to call making impossible for beneficiaries to assess in advance the likely success of their application. Similarly, in GR eligibility criteria have reported to be often unknown to beneficiaries.

In the discussion of the TWG4 meetings it was raised that sometimes the Managing Authorities tend to define selection/eligibility criteria in a way that makes them accountable with respect to the EC (i.e. ensuring fully compliance with the EU rules on audit and controls). Furthermore, the criteria are sometimes defined so that in the case of legal action from beneficiaries against a negative funding decision, the criteria and scoring can be defended factually.

Accordingly, evidence from the case studies show that these criteria result unsuitable to the real needs of the national/regional contexts, and set too loose or too strict with consequences on the prioritisation of the projects, transparency towards the beneficiaries and implementation rates.

When a strong policy strategy is missing (i.e. objectives and targets are not relevant to the real development needs), eligibility and selection criteria suffer of lack of focus and clear direction for the beneficiaries.

In GR, for example, the consultation undertaken with the regional and local level at the strategic level was assessed marginal and leading to lack of coherence with the national level (see section 3.1). Eligibility criteria were therefore defined quite general failing in providing clear indication to the beneficiaries about which activity will be considered a priority and which not.

Similarly, in HU concerns were highlighted whether the chosen strategy and consequent programme design (i.e. allocation of budgets) were meeting the real needs of the rural economy. In this weak strategic context, the adequate choice of selection criteria in serving the best targeting and efficient use of funds was questioned.

Problems related to eligibility and selection criteria also emerged in very different contexts. The presence of a strong strategic approach has posed the issue of criteria which were left instrumentally generic in order to pursue the national/regional focus. This has caused the EC to ask for greater transparency and prioritisation in the selection of projects.

The best example in this sense is given by DK, where the strategic focus of the programme is on the innovative character of investment projects and the environmental technology used. This is in fact the only really operational selective procedure applied, while eligibility and selection criteria are left quite generic and all-inclusive in the measure descriptions. Real targeting of beneficiaries or by areas is not applied, while budget allocation is decided on an annual basis in order to match the foreseeable demand for the measures.

Similar issues (weak eligibility criteria, lack of prioritisation in the selection of the projects) were found in Catalonia considering that:

- i) Concerns were raised on the effectiveness of the eligibility criteria adopted for the measures included in the CGE. Common conditions –as the one of being a professional farmer (i.e. at least 25% of the income coming from farming practices) - were commonly adopted as eligibility criteria for both axis 1 and axis 2 measures. Moreover, the specific threshold adopted was considered as not restrictive.
- ii) The EC explicitly recommended assigning weight to selection criteria – with attribution of points- in order to ensure a ranking of the applications and a more efficient use of the financial resources available.³²

Eligibility criteria under some measures are instead perceived as very selective, representing a significant barrier for potential beneficiaries. One explanatory example has been provided by the semi-subsistence measure in BG, where farmers applying for support –usually keeping the animals in their backyards- were obliged to demonstrate the ownership or renting of the building and premises use for breeding and agricultural activities.

³² Originally, the criteria adopted for the individual measures consisted in reducing the maximal amounts requested by the potential beneficiaries according to the budget available for a measure. This in order to guarantee the allocation of support to all those potential beneficiaries applying for it.

Further discussion on eligibility and selection criteria related to measures 121, 214 and 321 can be found in section 3.3.4.

Application process and administrative burdens of the beneficiaries.

A number of common concerns and problems have been identified with respect to the organisation of the application process. These are general issues that were identified regardless of the measures considered. A more detailed analysis of single measures implementation is provided in section 3.3.4.

Complaints about administrative burdens related to RDP implementation arise both from authorities and beneficiaries. As confirmed by discussions undertaken within the TWG4, the issue is particularly visible in the application process. In general, the application process in many MS/regions is deemed to be inefficient especially because there is no distinction according to the size of the projects. Thus, basically, same rules are applied for all applications. Administrative burdens hamper the absorption of aid, particularly for small projects for which the information requested is extensive, and felt not proportionate to the scope of the intervention. Also, complex administrative structures and decentralisation has proven to slow down the implementation chain. It adds additional layers of bureaucratic procedures with the result of delays in projects selection, approval and payments.

In line with findings of section 3.8 on controls, many interviewees felt that the administrative burden for beneficiaries has increased substantially in this programming period. From the beneficiary point of view, complying with application rules is often time consuming and demanding. Cases have been reported where the administrative and management set up were critical factors in causing a lack of clear guidance and a clear point of reference to the beneficiaries. In AT, for example, due to the distribution of management responsibility (in accordance with the contracts established with the PA) measure responsibility is split between different delegated bodies. Similarly in GR, the centralisation of the management accompanied by delegation of functions caused disorientation of applicants used to deal with authorities at the local level.

In some countries additional burden is partly due to the licensing requirements (mostly related to investments) and the range of additional documentation to be provided. This, in a number of cases, also discouraged beneficiaries for applying for certain measures. For instance, in Greece considerable bureaucratic burden was associated with licensing, as depending on the type of project/investment, several agencies or institutions had to be involved in the process.

Other common problems that have been identified include the need for assistance to beneficiaries in order to comply with the requirements of the applications, the complex applications tools available and the often ineffective use of IT systems, the request for specific documentation to accompany the request for support (i.e. licences and permits).

Other typical problems with regard to the application process included:

- the high cost of preparing an application and the fact that these costs are often ineligible for support (PL, DK);
- complex application documentation (HU, PL) or unclear application instructions (PL), and the need for assistance by beneficiaries to submit correctly filled applications;
- lack of focused advisory services to beneficiaries (support limited to administrative assistance), and varying quality of the support depending on the individual advisor;
- ineffective use of IT systems and complex;
- Difficulties with the preparation of implementation and environmental plans (GR, ES);
- late announcements of calls and changes in application forms (PL, HU).

The case studies include less information about difficulties of beneficiaries during implementation and in submitting payment claims. Problems mentioned with regard to implementation are the multiplicity of checks and controls (DK, DE); fulfilling long-term obligations (DE); and complying with requirements with regard to record-keeping (GR). The difficulties identified with payment claims include the lack of pre-financing and delays or irregularity of payments (FR, DE), the sometimes complex documentation related to payment requests (HU), and the eligibility of VAT.

3.3.3 What has worked well, innovative suggestions for the future

Improving day-to-day delivery of programmes

One suggestion for the future -emerged from the discussion within the TWG4 members- is that there is a need to ensure better clarity of tasks between implementing bodies. This could be done through legal provisions at the EU level. Additionally, a stronger focus on cooperation and coordination in day-to-day management and implementation is needed between the MA, PA and LAGs. These will help to reduce problems arising in course of implementation and mainly related to the administrative capacity at national and regional level.

Notwithstanding the issues highlighted in terms of administrative capacity and coordination between implementing bodies, some good experiences emerged from the case studies. The fact that positive examples emerged in both centralised and decentralised countries, demonstrates that such issues are not necessarily related to the setting of the delivery system and the number of delegated authorities involved.

In a number of cases (AT, DE, ES, IR, FR and IT) good examples of effective management and coordination have been highlighted.

An important factor for successful delivery in IE, FR and IT-ER is the presence of highly qualified human resources -building on past experience- and well organised. It appears that,

especially in the French and the Italian case, the management structure put in place to deal with further decentralization of the delivery is very well functioning and the division of tasks is made possible by good coordination and communication among all institutional levels involved. In both cases consolidated good governance and cooperation practices play a central role. As described in section 3.2, in IT-Emilia Romagna this is also accompanied by an effective management structure which pursues coordination by envisaging an interlocking system of staff and competencies, which in itself can be considered an innovative feature.

The cases of DE-RP and AT provide good examples of coordination between implemented bodies, supported by clear definition of responsibilities and tasks through internal regulations or specific guidelines. Their experience highlights good communication flow between the MA and the implementing bodies, and smoother operations in the implementation process. In the Austrian case for example, this results in better processing of applications and payment claims, and better communication between the public authorities and the beneficiaries.

Positive outcomes in handling payment claims and payments to beneficiaries are also produced by the highly coordinated system established between the national PA (which acts as a coordinating body) and the regional PAs in Spain (see text box below). This coordination is the basis of the efficient system of pre-financing of EAFRD expenditure. Additional coordination efforts are also undertaken through working groups established to promote harmonised application of the EU rules.

Other forms of effective coordination in policy delivery have also been established in those cases where processing of applications and/or payments for EAFRD are jointly managed with the CAP first pillar. Among the case studies (DK, ES, FR, GR, IT) it is common to see the PA to operate at the two different levels. This has been widely recognised as a good practice in terms of effective use of resources and tools, greater transparency and control, easier communication with the final beneficiary and easier access for applicants to the relevant information. For example, in DE-RP, the area-based measures are primarily allocated in those administrative bodies already in charge of the direct payments. Thanks to this set-up, joint applications can be prepared in one step for direct payments (CAP Pillar 1) together with area-based support (mainly agri-environmental measures) through EAFRD.

In **Spain**, there are 17 delegated regional paying agencies, one for each regional and 1 central Paying Agency at national level (FEAGA). Direct payments to farmers as well as EAFRD payments are managed by the Autonomous Regions' Paying Agencies. FEAGA is an autonomous body of the Spanish Ministry of Environment and Rural and Marine Affairs, with a different public legal status, own finances, administrative autonomy and full legal capacity. FEAGA has a number of functions among which: i) operating as PA for the NRN programme; ii) acting as coordinating body for the regional PAs and all expenditures in Spain (and so collecting all the information to be made available to the Commission); c) acting as certifying body. It is in charge of both first pillar (EAGF) and second pillar (EAFRD) payments.

The peculiarity of CAP paying arrangements in Spain is the existence of a national pre-financing system for both EAGF and EAFRD expenditures. This system is characterised by an anticipation of expenditure by FEAGA (the central PA) to the regional PAs.

The mechanism is based on the estimation of the payments to beneficiaries that will have to be made on weekly basis. This estimate will be used to submit a "request for funds" from the regional to the central level.

Delegated Paying Agencies, after having done all the controls and received from the MA a claim for the contribution coming from the EAFRD, submit an "authorisation to pay" and a "declaration of expenditure" to FEAGA. The central PA collects all the regional requests and submits a single declaration to the Commission receiving back the EAFRD reimbursement. This envelop is then redistributed accordingly to the regional PAs.

The very efficient functioning of this system is considered responsible for the high ration of commitments to payments, which was reported as high as 90% for the whole country.

Improving policy coherence: eligibility and selection criteria

In order to achieve better synergies between EU/national/regional goals, the eligibility and selection criteria should be more reflected and clarified. According to the views emerged in consultation with the members of TWG4, it would be especially useful to enhance the legal basis for eligibility and selection criteria. The MA/PA should also provide explanations for each measure on why certain criteria have been applied.

However, it should be noted that there is a trade-off between detailed eligibility conditions and detailed selection criteria. If the eligibility conditions are set at a very detailed level, the selection criteria tend to be more loosely defined and vice versa.

Further development of such criteria should be promoted in order for strategy targets and development needs identified in the strategic and programming phase, not to be neglected during the on-the-ground delivery. Eligibility and selection criteria should be established within a more open consultation process. In this respect, an enhanced role and composition

of the Monitoring Committee would ensure the composition of different interest, also increasing the transparency of the process.

Further suggestions were also put forward in terms of capacity building and exchanges among MS and the EU. Promoting best practices across EU and providing more guidance in forms of documents at the EU level are two practical examples of how this could be achieved.

Tackling administrative burdens

A limited number of examples of effective organisation and management of application procedures emerged from the case studies reports. In the majority of the cases however, it is evident that administrative procedures and tools have to be improved in order to reduce working pressure and inefficiencies from the administration's side. On the other hand, these improvements would provide the potential beneficiaries with reduced administrative burden.

Support to beneficiaries for access to support (i.e. understanding, preparing and submitting application forms) is provided in a number of cases. However, professional advice is often channelled through public or private bodies who charge the applicant a fee. The latter is not always recognised as an eligible cost for reimbursement under the RDP rules.

A number of good practices on addressing the beneficiaries' needs, in particular during the application process have been identified. The main elements behind successful and efficient support structures are prior consultations and communication. For instance, targeted communication strategy can improve the uptake of given measures by identified target groups (DK). Furthermore, the consultation of beneficiaries or their representatives before the calls are published so as to fine-tune the calls and the applications is seen as useful in improving the quality of the calls (ES-CAT and IE). Finally, the way in which the advisors are selected may affect the quality of services provided for beneficiaries (e.g. the variety of advisors seemed to guarantee competition and stimulate efficiency in Catalonia).

In **Catalonia (Spain)**, when a primary draft of a call is available for the global farming contract (CGE), the advisory services organise meetings for potential beneficiaries to understand what support needs the latter are likely to have. In this way providers of advisory services have already an idea of who might be new beneficiaries and whether previous beneficiaries have the intention to modify their on-going CGE. The information is forwarded to the MA who can this way adjust and better target the funding applications for different measures.

When developing a new scheme in **Ireland**, there is extensive consultation with key stakeholders; furthermore, once the scheme is up and running there will be information meetings and seminars all around the country to explain the details of application process to those who might want to be involved.

A clear need for a simplified application process, which takes also in account differentiated needs according to the size of the project, has been identified by the TWG4. The main suggestions in this respect were: to establish a two-step application approach and, the use of a system based on simplified costs. Overall an improved use of IT procedures is also recognised as a main tool for simplification.

Two-step application procedure

In order to limit administrative burdens for applicants, a two-step process was proposed as possible way forward by the TWG4. According to the proposal it is suggested that in a first step, the application together with a detailed project description would be submitted. In the second stage, only those applications which are pre-selected for funding (on the basis of ranking through selection criteria) would be invited to submit all the accompanying documentation. Thus, the selection criteria would be applied before the eligibility check. This method inverses the typical way of choosing projects based on ranking after the eligibility check. The two-step process would reduce the number of accompanying project documents (as licences, building permits, etc.) to be submitted by all applicants. Namely, the collection of the accompanying documentation represents a huge burden for applicants and, time-wise, hampers the timely submission of the application.

Poland is already implementing many types of simplified procedures. For example, applicants can submit a preliminary application which is very simple in content and ask only for minimum information. Such applications are processed and, in case of pre-approval, additional information is asked. In most cases, the simplification adopted consists in letting applicants replacing all the types of accompanying documents with simple statements. This system is facilitated by the fact that the PA has access to the databases of external institutions through which it can check the authenticity and correctness of the declarations.

Simplified costs

An additional suggestion to reduce administrative burden for the beneficiaries, concerns the introduction of simplified costs such as lump-sums for small projects and standardised costs. Generally it is seen that simplified costs would reduce administrative burden to the beneficiaries but they require an initial investment from the authorities. The rules should be clear, and the thresholds would need to be clearly defined, fair, reasonable, and established in advance. This is seen as potentially addressing the issue, among others, of small-size projects suffering from excessive information request and related administrative work. More generally, the simplified costs would reduce administrative burdens related to controls as, for example, the need to retain proofs of expenditures (receipts, invoices) for long periods after the investment is realised.

IT tools

Addressing administrative burdens touches also setting-up more effective management tools. Suggestions were collected in endorsing and enhancing the use of IT-based system for the collection and processing of applications.

Evidence tells that when working properly, IT-based management and communication systems are valuable tools to address administrative constraints. In DK the number of electronic applications has raised over the last ten years. Currently about 90% of the applications are submitted electronically (the 73% of the applications also includes GIS maps in digital format). This ensures an effective base of data exchange between applicants and administration and within the administration itself, facilitating further exchanges, elaboration and transmission to third parties. Also in France, the experience with the internet platform OSIRIS³³ have been proven to be effective (despite some delays in the delivery of the programme occurred due to its full operational implementation and use by the staff).

Other experiences have been reported of MS which applied or have started to set up a similar IT system. This suggests that the establishment of such information and communication systems is considered the future direction to follow to ensure better results in management, coordination and transparency in the day-to-day delivery process. Moreover, as it is the case in GR, they can serve as basis for further coordination between support streams (i.e. CAP pillar 1) and play a strategic role in mainstreaming administrative controls³⁴.

One-stop shop model

So-called one-stop shops, i.e. administration centring all the information needed by the beneficiary in one office, have also been indicated as possible solutions for slimming down administrative procedures at the beneficiaries' end. This kind of approach could solve some of the problems faced by beneficiaries who need to carry out multiple applications under different support schemes in order to implement their projects. This requires additional efforts and administrative burdens for managing the application process, which often has to comply with different competent bodies, different set rules and procedures and, most likely, different timing. The one-stop shop approach would allow beneficiaries to deal with a single interface within the administration which take care of ensuring advice on and coordination among -though only from the administrative point of view- the supporting tools available. However the system also has its weaknesses as it would require very competent staff within authorities (e.g. if cohesion policy support would be provided by the same regional/local administration).

³³ France's Paying Agency's integrated ICT records and management system.

³⁴ IISRDF (Integrated Information System for Rural development and fisheries) in Greece has replaced the older system and is intended to facilitate application process and further administrative controls on applications. It interfaces the information coming from EAFRD applications with the GIS database and the Land Parcel Identification System. As in the French case, some of the delays experienced by the Greek RDP are partially attributed to its full operational implementation.

3.3.4 Information on specific measures

Choice of the sub-measures in the selected country/regions

This section presents the results of the analysis carried out on the implementation procedures for selected measures. They take into account the additional information provided by 6 out of 12 case studies (namely: DE, DK, FR, GR, HU, PL). As indicated in the general methodology the selected measures were:

121: Modernisation of agricultural holdings

214: Agri-environmental payments

321: Basic services for the economy and rural population

The architecture of the above mentioned measures differs significantly between the MS/Regions examined and it has been necessary to identify individual sub-measures to focus upon. In general, the most common criterion used for the selection of the sub-measures was the relative weight within each measure expressed in terms of budget allocation as well as the success with beneficiaries (e.g. expressed by the number of applications received). Nevertheless, in each case the selection of the sub-measure(s) was discussed with the relevant Desk Officer who helped in focusing upon the specificities of the single case studies before a decision was made. In a few cases, it was decided to focus upon more than one sub-measure - within the same measure - due to the specific architecture of the measure itself, the peculiar delivery process and the need to ensure, for these reasons, a more comprehensive and balanced picture of the whole delivery set-up. A summary of the selected sub-measures is provided in Table 6.

Table No 6 - Selection of sub-measures by MS/Region

MS/Region	M 121	M 214	M 321
DK	121a "Investments in new green processes and technologies"	214b "Conversion to organic agricultural production" 214c "Extensive production on agricultural land"	321a "Providing support for the establishment of basic services, including commercial and business services and leisure activities"
FR	121a "Investments projects for livestock buildings"	214a "Grassland agri-environmental premium"	321 "Basic service for the economy and rural population"
DE-RP	121.1 "Modernisation of agricultural holdings"	214.3 "Environmental friendly grassland management"	321.3 "Basic services for the economy and rural population"
GR	121 "Farm modernization plans – Small plans for sheep and goat sector"	214 "Protection of Nitrate Vulnerable Zones"	321 "Basic services to the economy and rural population"
HU	"Modernisation of livestock farms" "Purchase of new machineries and technological equipment" "Modernisation of agricultural premises"	"Integrated arable plant production scheme"	"Integrated communal and service spaces (ICSS)" "Micro-regional transport services"
PL	(Whole measure considered)	(Whole measure considered)	(Whole measure considered)

Management of measures and responsibility for implementation

According to the general description of division of tasks and responsibilities provided in subsection 3.3.1, the different measures are implemented by MA, PA or delegated implemented bodies. In countries which have adopted a decentralized (or semi-decentralised) approach, the level at which implementation management occurs can differ. So for example in FR, management of measure 214 is largely undertaken at national level, while measures 121 and 321 are part of the so-called regional menu of measures so they are subject to more regional flexibility and adaptation. Tables from 7 to 9 show in summary the general setting for each selected measures by country/regions.

As can be seen from the tables, some general patterns are apparent. Measure 121 typically has largely centralised and relatively uncomplicated delivery approaches with a lower involvement of bodies other than the MA and PA compared to the other two measures. Even in DE-RP, where the application process itself is cumbersome because of the weight of

supporting evidence and planning involved, the decision-making process appears clearly understood.

In contrast, the delivery of measure 214 envisages some involvement of local actors in the process, usually acting on behalf of the MA. This clearly reflects the need for this measure to take account of environmental circumstances, which will vary between local areas. Nevertheless, a relatively low degree of devolution of decision-making or payment appears to occur.

The implementation of measure 321 appears to involve the greatest degree of local devolution of decision-making and payment, with 2 cases where delivery is through LAGs (DK, FR – may vary according to the Region) and similar bodies and 2 cases where regional administrations are responsible for delivery (DE, PL) within national RDPs.

Documentation available to beneficiaries

The documentation varies considerably between cases and appears to be more related to the wider management setting than to the particular types of measure involved. For example, all the Danish documentation is described as very concise, clear and accessible, which contrasts strongly with the descriptions given in other case studies. Application forms and related documentation appears particularly heavy (both in terms of number of pages, annexes and additional documents required) in PL, FR and partially in HU and GR. The issue of administrative burdens related to accompanying documentation seems to be particularly relevant for measure 321 (e.g. in HU and PL).

In almost all the cases, the application documents together with the relevant information on the measure -and the application process in general- are made available through the website of the Ministry/MA. This means that application forms are also available in electronic format. However, on-line completion and submission of the application form are not allowed in all the cases.

Even where it is generally stated that the information and the application instructions are comprehensible and quite clear, this reflects mainly the view of the people interviewed in the administrations. Individual beneficiaries were not consulted in the case studies and so it was not possible to confirm whether final users share the same view. Yet, some indication was provided in the case studies through feedback from interviewees representing beneficiary organisations.

Support provided to beneficiaries

Indirect evidence of the beneficiaries' view on this matter can be inferred from the extensive use of advisory services. In practically all the cases, applicants address public or private advisory services for the completion and follow-up of the applications. Apparent reasons are the complexity of the documents and the fear to incur in refusal of the application. This happens also in DK -where potential beneficiaries are considered enough prepared and knowledgeable to fill in the application by themselves- in order to ensure the request for support is correctly completed. Public and private advice is usually not given for free and

apart few cases (as in GR – at least partially), the extra cost paid by the applicants is not recognised as eligible cost subject to reimbursement.

Support is available for all the three measures examined. As most of the beneficiaries for measures 121 and 214 are farmers, advice is usually provided by farmers' organisations together with Chambers of agriculture, agro-economists and other private consultants. In the case of measure 321, LAGs provide support in some countries (DK, HU) or beneficiaries can receive advice directly from the local offices of the Paying Agency.

The scope of advice varies between the measures. Applications for investments (measure 121) are seen as complex and costly. The beneficiaries typically need support in the preparation of business plans and other project plans (such as impact assessment). In some countries (DE), specific support is offered to farms that face difficulties, such as timely completion of investment projects or compliance with specific long-term commitments with their investment projects.

Similarly to measure 121, support within applications for measure 214 is generally sought in the planning phase, i.e. putting together agri-environmental management/activity plans (as in GR and PL).

In case of measure 321, assistance is mostly needed with regard to technically demanding projects or complex investments. Administrative challenges seem to be excessive in some cases, in particular in the case of small-size projects and especially concerning the requested supporting documentation.

Information and communication to beneficiaries

The responsible Ministries (as MAs of the programmes) and also delegated implementing bodies where it is the case, have put in place a number of information and communication activities in order to inform potential beneficiaries of the measures. The availability of the relevant information on the MA's websites is considered as standard practice. Additional information efforts instead vary across the cases –and sometimes also across the measures. When information and communication campaigns are undertaken they are usually at national and regional/local level (e.g. FR and DE).

In **France**, the government's communication and information strategy for all the three measures concerned is supported by different tools, namely web sites, communication material (leaflets, information booklets, brochures, etc.), articles and press files, presentation of examples of projects on the website, seminars and briefings, and advertising on media. Moreover, tailored documentation is produced for target groups of potential beneficiaries (e.g. non-farmers) of specific axes. Information is also provided at institutional level to public officials through meetings or special events.

Usually the communication campaigns are primarily addressed to non-farmer beneficiaries. However, the targets of these communications are not the direct beneficiaries themselves but rather the persons or institutions which work as intermediaries, such as leaders of rural territories, presidents of inter-communal associations, chambers, mayors, etc.). Farmers are generally well informed through their usual information network (trade association, Chambers of Agriculture).

The communication tools are produced at many different scales: national; regional and inter-communal. These actions are designed and coordinated by a national communication plan that is communicated to all the French Regions. The regional or sub-regional institutions are not obliged to adopt the production of this type of documents. However the regional level institutions might have collaborated with the national level in the development of the communication tools. In addition it has been seen as good practice that some regions published official "information fiches" for the single measures in their web sites.

Eligibility and selection criteria

These vary considerably between programmes, for all the measures summary information is provided in the tables below. Different degrees of local tailoring are apparent within the cases in exam. The greatest degree of sub-regional design in respect of these criteria appears to be in France, even in respect of very simple, standard measures such as 214 grassland premium, where stocking and payment rates are set at the county level.

The design of the eligibility and selection criteria is usually undertaken at the level of the MA and presented and discussed in the MC before final approval.

Eligibility criteria in particular were assessed to match well the objectives stated by the measures. However, they did not in all the cases seem to equally address the local needs for development.

With respect to selection criteria, a common practice emerging from the case studies – across countries and measures- is that of applying relatively soft selection criteria in assessing the applications. In a number of cases, selection criteria and the subsequent ranking of the application was in fact made irrelevant by adjusting the measure budget to the expected level of take-up. Even if ranking criteria exists on paper, they have never been applied so far because measures were not over-subscribed. In cases where this happened, a

shift of funds between measures was envisaged in order to counter-balance the higher number of applications.

Cases of too soft or too restrictive eligibility criteria emerged in specific cases and specific measures, for example:

- In Poland, measure 121 is aiming at –among other objective - increasing GVA in farms. However eligibility criteria allow for a wide range of investments (including second hand machinery) whose relevance for the measure objective is hard to understand. Additionally, the measure has been very popular with a lot of applications submitted and approved but the majority of them were presented by farms of limited economic size without long term prospects.
- On the other hand in Rhineland-Palatinate eligibility criteria for measure 214.3 “Environmentally friendly grassland management in an enterprise” represent a barrier to support for small farmers since the thresholds set for accessing include having at least 15 Ha of grasslands under contract³⁵.

Other forms of barriers to support were identified for measure 321 and include financial constraints for poor communes in order to match the co-financing commitment request by the measure (PL) and excessive commitments (12 years) requested for maintaining proprieties, building and structural facilities from the time of realization (DE).

With respect to selection criteria, apart from the wide-spread use of tailored budgetary allocation, one specific feature which raised some concerns is the implementation of the first-come-first-served approach (PL). This approach –applied for different measures- is considered not to deliver efficiently the expected outcomes in terms of coherence with the measure objectives.

Processing of applications and payments

According to the national/regional division of tasks, applications may be processed by a variety of bodies including local MA offices, agencies and PAs. By contrast, processing of payments is almost always done by the PA, the only exceptions being axis 3 measures where regional or sub-regional authorities have received a delegated PA status.

The appointed implementing body is usually responsible for all the application process (from the publishing of the call to final approval of the selected applications). In respect of applications, LAGs play an important role for axis 3 measures in a number of the case study countries.

The way calls for application are organized differs among the cases. It is difficult to identify a common pattern within the same measure across the case studies. In fact, the choice of launching applications calls with fixed deadlines (one or several calls per year), or keeping the submission of applications open all year round appears more dependent on administrative and strategic aspects than on the type of measure itself. These also include consideration on the available budget for the single measure. The collection and processing of payment claims seems instead strictly related to choices of synchronisation with

³⁵ It is noted, however, that: i) the RDP offer other measures in support to grasslands and; ii) the average size of full-time farms at regional level is more than the double of the threshold.

national/regional budget procedures.

A wide-spread issue with respect to the application process was related to delays both in assessing the application and deciding on the payment. Among common causes for delays the following were identified:

- the low quality of the applications submitted which, especially in the phase of assessing the eligibility of a request force administrators to go back to the applicants for asking for additional information;
- lack of experience in applying the specific measure/scheme;
- the limited administrative capacity of the MA and the PA due to a shortage of resources or the additional controls and administrative check imposed by the national legislation.

In DE-RP, for example, apart from the 5% on-site check performed according to the EU rules, 100% of applications received for measure 321 are subject to on-the-spot controls by law. Additionally the process for assessing eligibility of support is complex and involves different layers of administration and the coordination of several ministries.

In some cases (e.g. HU, GR) the application must include all relevant licences, certificates and permits related to the investments. The preparation and collection of these documents is burdensome and highly time-consuming for applicants and has been recognised as cause of important obstacles to the application process, especially in terms of additional administrative burdens for beneficiaries.

In this respect, one effective solution applied (e.g. in PL and FR) consists of adopting a two-step process as described in section 3.3.3. Similarly in Rhineland-Palatinate (measure 321) a project outline form is provided to applicants before proceeding with formal application. The form helps administration to make a first informal eligibility check and judgement on a potential approval. Information is then given back to the applicants and advice for necessary revisions is also given.

Other practices have been established to overcome some of the most common issues related to delays in the application process, including decrease the administrative burden for applicants, they envisage:

- systems of pre-warning through which the implementing authority gives notice of the imminent opening of the call, allowing potential beneficiaries to prepare themselves and collect the relevant documents in advance;
- integration of application forms for support through CAP pillar one (direct payments) and area-based measures under Axis 2 of the EAFRD;
- allowing simplified and faster applications for area-based measures for which applications are repeated along the programming period, thus speeding-up also the processing and the payment process.

Some of these systems are also helpful to speed-up controls and payments. Additional examples of good practices for improving the processing of payments and address financial concerns of the beneficiaries were:

- the conduction of on-site controls (5% as per EU rules) based on risk-analysis of the project;
- the payment of lump-sums, made after appropriate administrative checks;
- the payment of the public contribution in one slot independently from its provenience (EU, national or regional);
- the establishment of a pre-financing system drawing from national budget, and refundable by the beneficiary once final instalment from the PA is paid.

Table No 7.a - Case study measure-level analysis: summary table and key findings, measure 121 – farm modernisation

Case	Sub-measure	Region	Central/ devolved	Eligibility	Selection	Who pays
FR	PMBE (livestock buildings)	Bourgogne	Central – MA Sub-regional delivery			
DK	Green processes and technologies	all	Central – MA	New tech only – by type of project	Ranking by published priority scores but not yet needed	PA, controlled by local plant directorate
GR	Small farm modernisation		Central- MA	Sheep & goat farmers, SFP claimants, 50%income from farm, no recent plan aid	Minimum no of sheep and min milk yield or young farmer, on island, LFA or N2000 (different aid intensities too)	MA and PA
HU	-livestock farms - machines and equipment for arable farms	all	Central with CoA support at local level	By type of equipment, size, certification	Priority to women, job creation, Roma, lagging regions, farms in AEM	PA
PL	-	all	Central – PA nationally	As per EAFRD, broad range items (deadweight)	1. first come 2. random 3. ranking by size and GVA growth	PA
DE	all	all	MA-Regional administrations	Under 40, full-time farmer, 25% income from agricultural activity, min. size, €30k-200m projects, aid limits link to annual budgets	Complex and demanding professional applications	MA, PA: reimbursement of the EAFRD-part

Table No 7.b - Case study measure-level analysis: summary table and key findings, measure 121 – farm modernisation

<p>General assistance</p>	<ul style="list-style-type: none"> • Farm organisations and private professionals provide the existing advisory services for a fee (no public and free forms of assistance) (DK); Farmers' Association provides information prior to application (DE-RP); assistance from private consultant agronomists is needed, which is an eligible cost (GR). • Assistance provided by the regional Chamber of Agriculture for a fee (DE-RP, FR, HU) • 2-3 page long guidance notes (FR) • Support also provided by the network of agri-economists (HU). <p>Assistance provided by public and private extension services (and is much needed) (PL).</p>
<p>Applications</p>	<ul style="list-style-type: none"> • Most beneficiaries complain that application process/obligations are unnecessarily complex and bureaucratic (attributed to EU requirements) (DK, FR). Depth of information on business data is too much (DE); most difficult application forms out of the three measures assessed; application forms as well as documentation required (PL) • High cost of making applications, high number of controls (inadequacy, repetition); long decision-making time for investments (DK). • Assistance is particularly needed with regard to putting together project plans (e.g. impact assessments) (FR); most difficult part is the business plan (PL). • Measure 121 is a follow up on previous measure and highly popular (FR). • Long time of verification of the applications (PL); first come first served principle applied resulted in long queues during submission (PL).
<p>Rules and procedures</p>	<ul style="list-style-type: none"> • Amount of documentation requested is said to be extensive (DK). • Highly bureaucratic process for payment applications (DE-RP, FR). • Delays in approval and sometimes also in payment (FR).
<p>Main obligations</p>	<ul style="list-style-type: none"> • Complete investment according to plan (DK, FR); process investments within the time given (DE-RP). • Compliance with commitments, e.g. cultivated area, number of people employed, etc.; participation at training, number of animals kept (HU). • Controls (incl. requested documents) (DK, DE-RP, GR, HU) • Payment applications, keep and submit bills (DK, DE-RP, HU). • Long-term commitments are difficult to fulfil (e.g. structural business change) (DE-RP).
<p>Specific support</p>	<ul style="list-style-type: none"> • Trying to simplify procedures, improve internet exchange of information, shorten the time of decision-making and payments, and unify checks and controls as much as possible (DK). • In case of difficulties with long-term commitments farmers usually seek legal advice from the Farmers' Association to negotiate on payback amount or modes (DE-RP). • If a considerable amount of complaints are received by the Farmers' Association, they address it to the MC (DE-RP).

Table No 8.a - Case study measure-level analysis: summary table and key findings, measure 214 – agri-environment aid

Case	Sub-measure	Region	Central/ devolved	Eligibility	Selection	Who pays
FR	PHAE	national	Central – MA sub-regional delivery	Farms	minimal	PA
DK	b – organic conversion c- extensive production	all	b – Central c- moved into Article 68 after Health Check – all delivered alongside SFP claims	Farms	Private fields over public fields c- priority to organic farms	PA after MA checks
GR	Nitrates Vulnerable Zones protection	All in NVZ	Central MA with prefecture-level help	Calls for specific areas, SFP claimants	Permanent residents, 50% income, N2000, young farmer	MA & PA
HU	Integrated arable plant production scheme	all	PA	All with min 1ha cropland	Previous AEM experience, HE education, proportionate share of arable on farm, LFA	PA
PL	All	9 measure packages	Central – PA sub-regional offices	By appropriate land types	Assessed and ranked by PA	PA
DE	3 –grassland management	all	County administrations	Farmer and land holders with min 15ha grassland	Few – scheme uptake below targets	PA

Table No 8.b - Case study measure-level analysis: summary table and key findings, measure 214 – agri-environment aid

<p>General assistance</p>	<ul style="list-style-type: none"> • Assistance from private consultant agronomists is expected to draw up environmental management plans, this is an eligible expenditure (GR); Farmers needed assistance with regard to the Agri-environmental Activity Plan (PL) • In the case the application is the same as in the previous year, the applicant only needs to sign the first page (DK). • Farm organisations and private professionals provide the existing advisory services for a fee (no public and free forms of assistance) (DK). • Generally, farmers do not need much assistance (DE-RP); Support is practically automatic, but beneficiaries take some advice just to ensure they have filled the forms correctly (FR).
<p>Applications</p>	<ul style="list-style-type: none"> • Most beneficiaries complain that application process/obligations are unnecessarily complex and bureaucratic (attributed to EU requirements); administration of applications and payments (DK, FR). • High cost of making applications; number of controls are particularly high for agri-environmental measures and organic measures; inadequacy and repetitive character (DK); some packages are not considered to be 'good value for money', require complex expertise, too much risk (PL). • Complaints about sub-division of agri-environment measure in 'packages' (with different aid schemes) that farmers have to put together according to their needs (FR) • Zones defined for environmental restrictions do not always correspond with those applying to the territorial AEMs (FR). • Too many changes occurring in the national regulation for the measure, affecting the application process for the farmers.(PL) <hr/> <ul style="list-style-type: none"> • Applications are rather simple in comparison to other measures; most data required is already available for authorities, application requirements are low for farmers (DE-RP). • Simplifications were made: combining application for 214 and LFA, personalised forms, earlier announcements (PL).
<p>Rules and procedures</p>	<ul style="list-style-type: none"> • Incoherence between GAEC and agri-environmental measures (DK) • The applicant has to apply annually for continuation (DE-RP). • Complaints made on the duration of commitment (inflexible) (DE-RP). • Payments are rendered irregularly (DE-RP).
<p>Main obligations</p>	<ul style="list-style-type: none"> • Controls (as these are area-based payments), dealing with incoherence between GAEC and agri-environmental measures (DK); Cross-compliance, controls, inspections (on-the-spot checks) (GR, HU) • Specific technical requirements (no corn cultivation, use of chemical pesticides forbidden, etc.) (DE-RP, HU); obligation to follow the environmental management plan for five years (GR). <hr/> <ul style="list-style-type: none"> • Experience accumulated during previous programmes helps to fulfil obligations (FR). • Participation at trainings (HU)
<p>Specific support</p>	<ul style="list-style-type: none"> • Trying to simplify procedures, improve internet exchange of information, shorten the time of decision-making and payments, unify checks and controls as much as possible (DK). <p>If a considerable amount of complaints are received by the Farmers' Association, they address it to the MC (DE-RP)</p>

N.B. Positive statements/aspects in the table are divided by a line from the main issues or concerns.

Table No 9.a- Case study measure-level analysis: summary table measure 321 – basic rural services

Case	Sub-measure	Region	Central/ devolved	Eligibility	Selection	Who pays
FR		Bourgogne	Devolved to Regions – MA regional delivery			
DK	321a	all	Devolved to LAGs	Very broad – public and private	By LAG / local strategies, type of project	PA
GR	all	all	MA	Public local authorities, max upper limit spend, LFAs	Detailed Scoring on 3 criteria of feasibility, compliance and maturity	MA & PA
HU	-Integrated communal and service space (ICSS) -Micro-regional transport (minibuses)	all		Max population limit, public or NGO applicants	ICSSS – professional scrutiny of robustness of project proposal; Buses - first come	PA
PL	all	all	Devolved - Regional governments	By institution (communes only)	By absorption capacity (private match funding)	Regional governments
DE	community services	all	Devolved - LAGs or ILE	Broad – public or private	Tied in to LAG strategies, etc	MA, PA: reimbursement of the EAFRD-part

Table No 9.b- Case study measure-level analysis: summary table measure 321 – basic rural services

General assistance	<ul style="list-style-type: none"> • LAGs provide assistance (free of charge) (DK). • Technical guidance leaflets, e.g. special guidelines to promote opportunities available in axis 3 to mayors (FR).
Applications	<ul style="list-style-type: none"> • Beneficiaries need help on the preparation of applications, this is provided by external consultants, fee-paying services (DE-RP); Assistance is needed for technically demanding projects (GR). • Administrative challenges (detailed applications) often discourage potential applicants (FR). Due to the legislative and institutional set-up and rigidities of the system, beneficiaries face a number of difficulties (e.g. eligibility of construction costs/non-construction costs) (HU). • Application material is not user-friendly, many changes in calls; beneficiaries receive unilateral decisions instead of contracts (HU). • Full documentation (e.g. building permit) has to be submitted already at the stage of application – overcautious approach (PL). <hr/> <ul style="list-style-type: none"> • Beneficiaries claimed to fill in information without a need for assistance; simple application forms (PL)
Rules and procedures	<ul style="list-style-type: none"> • Beneficiaries complain about the changes that the Leader approach has undergone with mainstreaming (DK). • In the case of small projects, disproportionately high costs and controls (DK). • Making modifications in the proposal is said to be extremely difficult (HU). • Selection criteria is such that often poor communities are supported irrespectively from the quality of projects (PL).
Main obligations	<ul style="list-style-type: none"> • Complete investment according to plan (DK, GR). • Controls (incl. requested documents); on-the-spot inspections (DK, DE-RP, GR). • Payment applications, providing bills (DK, DE-RP, FR). • Respect the terms of their contracts (FR).
Specific support	<ul style="list-style-type: none"> • Trying to simplify procedures, improve internet exchange of information, shorten the time of decision-making and payments, unify checks and controls as much as possible (DK). • Most beneficiaries receive support from the PA, Local Rural Development Offices and LAGs (HU).

N.B. Positive statements/aspects in the table are divided by a dotted line from the main issues or concerns.

3.4 Partnership principle

The partnership principle is applied to diverse EU policies and its practical application throughout the European Union is variable. From the legal perspective, the nature of partnership was defined in the regulatory framework for the first time in 1988³⁶. Article 4 of Council Regulation (EEC) N° 2052/1988 defined partnership as a close consultation between the Commission, the Member State and the competent authorities designated by the Member State at national, regional, local or other level. Public authorities were clearly the main actors in the partnership process, while the involvement of private bodies was limited. Reforms in 1993³⁷, 1999³⁸ and 2005³⁹ enlarged the scope of partnership, and in particular the number of actors involved in the partnership process, extending participation to the economic and social partners (1993) and to NGOs and other bodies representing civil society (2005). At the same time the privileged role of the national governments in selecting the actors to be part of the partnership process has always been maintained, the Member States being responsible for deciding which bodies can be considered relevant authorities/actors at national, regional and local level.

Partnership enhances cooperation among public authorities at different levels and between them and private actors involved in the implementation of European policies. It predicated on the agreement among partners to cooperate for achieving a common aim and sharing of the responsibility for decision-making. In practice, stakeholders from different levels of the public administration and different sectors discuss in regular negotiations about the appropriate strategy to be implemented, selection of operations and allocation of funding (the latter also being shared, and resulting in co-financing). This corresponds with the need to ensure democratic legitimacy, while enabling stakeholders to express their views on their needs and to adjust available policy instruments accordingly. The growing participation of the private sector in the negotiations provides the opportunity to tackle issues and concrete problems at national, regional or local level, based upon information and knowledge that the public sector may not have. Nevertheless the difference between institutional partnership (composed by public bodies) and partnership in its broader sense (including NGOs, private bodies, etc.) needs to be taken in account.

Two main dimensions of partnership are usually identified:

- vertical partnership which involves different tiers of public administration in decision-making processes – EU, MS, regional and local authorities;

³⁶ Council Regulation EEC N° 2052/1988 (Chapter II art 4) on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments.

³⁷ Council Regulation (EC) N° 2081/1993 art 4.

³⁸ Council Regulation (EC) N° 1260/1999 art 8, laying down general provisions on the Structural Funds.

³⁹ Art. 6 of Council Regulation (EC) N° 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development, and art 11 of Council Regulation (EC) N° 1083/2006 on the structural funds.

- horizontal partnership between public authorities and private stakeholders, such as sectoral organisations, universities, civil society representatives, etc.

Since 1983 the legislative framework has strengthened the vertical dimension of partnership, contributing to the improvement of relations between different levels of administration and at the same time the horizontal dimension has been widened, ensuring private actors' participation to the process. Furthermore, partnership has become one of the core characteristics of EU policies and is particularly underlined in the Lisbon Strategy.

According to Article 6 of the RD Regulation the partnership principle shall be applied in the preparation and monitoring of the national strategy plan and in the preparation, implementation, monitoring and evaluation of the RDPs. The regulation provides the MS with an indicative list of actors who must be involved in the consultation process, as local and regional authorities, economic and social partners, NGOs and any other body representing civil society.

The National Rural Network (NRN), established under Article 68 of the same Regulation, is a novelty of the current programming period. The purpose of the NRN is to identify, analyse and disseminate good practices and prepare training programmes for LAGs. The NRN participants include organisations and administrations involved in rural development.

3.4.1 Who does what

Given the diversity of internal institutional arrangements in the Member States examined (which *de facto* influence the organisation of the consultation process) it is very difficult to group them according to common patterns followed in the setting up of the partnership process. Certainly, in all the countries the authorities responsible for designing and implementing the NSP and the RDP have tried to involve as many stakeholders as possible, both in vertical and horizontal dimensions, as established in the regulation. Moreover, the instruments used for undertaking the consultation process are common in all countries, ranging from the organisation of seminar, conferences, focus groups to the creation of working groups to support the drafting of the NSP and the RDP and the MC activities.

Analysing the partnership process in 12 countries/regions, a first distinction can be made between the actors involved in the vertical and horizontal dimensions, together with an evaluation of the effectiveness of the exchanges among different stakeholders groups. A second distinction (more functional to the description of the process) can be made in relation to the consultation process itself, which can be divided in two phases: consultations undertaken during the programming stage for the definition of NSP and RDPs and those carried out in the implementation stage through specific procedures put in place.

Actors involved at vertical and horizontal level

The main actors involved in the **vertical partnership** process are European Commission, Managing Authority, Paying Agency, Monitoring Committee and regional and local authorities (regions, provinces, departments, municipalities, etc.).

Relations between the EC and the MAs are in general organised through bilateral meetings accompanied by informal exchanges, and they are considered in all the examined cases positive, fruitful and based on common trust. Ministries, other than the MAs (usually the Ministry of Agriculture), often participate in meetings with the EC, as well as the PAs.

On the contrary, regular exchanges between the EC and the regional authorities are typically limited to the countries that have chosen a regional programming approach. In the other countries, the formal MC meetings are almost the only occasions for the European and regional level authorities to meet and exchange information. The fact that in most countries the MCs were set up after the completion of the NSP and RDP contributed to the limitation of these exchanges - EC and regions - that in some countries were missing. The paucity of these relations is often considered as an obstacle for a positive development of the partnership principle.

The exchanges between the national and regional levels are more structured and, in two thirds of the cases examined (AT, BG, DK, FR, PL, IT, DE, ES, LV), are considered to be well organised and successful. Nevertheless, some issues have been reported related to a lack of involvement of local authorities in the consultation process (GR, HU, IE).

Horizontal partnership⁴⁰ consultations involve the NGOs, environmental and farmers' organisations, professional organisations, universities, research institutions and other bodies representing civil society. In two thirds of the case studies examined (AT, BG, DK, FR, PL, IT, DE, ES, LV) these exchanges between public and private sectors are considered well organised and useful.

Nevertheless, some differences in the organisation of the horizontal partnership process have been noted in relation to effective involvement of different groups of stakeholders and their real capacity to influence the decision making process. Naturally, as underlined in the introduction, the institutional partnerships are responsible for programming and allocating public funds and take the final decisions. Notwithstanding this, specific groups of stakeholders - particularly farmers and producers' organisations - tend to have more influence than others (HU, LV). In addition in some countries (e.g. AT, LV, BG) the Managing Authority expressed a major willingness to involve the private sector partners in the consultations, trying to organise more effective partnership process and to consider as much as possible their positions and views in the completion of the NSP and the RDP.

⁴⁰ Here the national dimension of the horizontal partnership is being considered, i.e. relations between the public and private stakeholders at national level.

First phase of the consultation process: programming stage

Vertical partnership

During the first phase consultations between MAs and EC were judged very positive and constructive in all the countries analysed, with efforts made both sides to solve the main issues. The relation between EC and regions, as explained above, was almost non-existent, with the exception of countries implementing the regional programming approach.

Within the MS examined the consultation process is reported to be efficient, widespread, frequent and of very good quality in more than half of the analysed cases (LV, IT, AT, DE, FR, BG, ES, DK). At this stage the consultations took usually the form of conferences, seminars, public hearings, workshops, focus groups and public consultations. In Italy an institutional body of consultation, the Permanent Technical Committee for Agriculture, has been set up to facilitate the dialogue within public authorities (national, regional and local) and between them and other stakeholders.

Web based consultations were also common in many countries examined (LV, BG, DK, HU, AT). In Bulgaria the first draft of the RDP was published on the website of the Ministry of agriculture and in Austria a web-based consultation forum was launched after the presentation of the first draft of the NSP to give the possibility to a wide range of stakeholders to express their view, sending comments and submitting position papers⁴¹.

Horizontal partnership

Various actors participated in this process. Ministries, regional and local authorities, NGOs, farmers and environmental organisations, producers' organisations, professional organisations as well as other sectoral organisations, universities and broader public were involved. In more than half of the case studies examined (BG, DE, DK, ES, FR, HU, LV, PL) the influence of specific interest groups, in particular farmers and producers organisations, was decisive for the development of the strategy and the programme, including its financial aspects. Suggestions provided through local level consultations were included in the draft of the documents and they influenced particular aspects of the RDPs, such as the definition of the Leader approach, the implementation of axis 1 measures, etc. (IT-ER, DK, DE). This process benefited, in some countries, from the organisation of national bodies at regional/local level, so that frequent meetings could be organised at local level in order to include in the discussion as much as possible the needs of local communities (FR).

The interest groups and organisations related to axes 1 and 2, farmers and environmental organisations, appeared to be able to exercise a stronger influence, compared to organisations related to axis 3 and to municipalities and other local authorities. This unbalanced power of different categories of stakeholders has been reported in at least half of the cases as an important issue that affected the proper functioning of the partnership principle and its results.

⁴¹ See also the sections on 3.1 "Strategic approach and targeting" and 3.2 "Programming procedures and financial aspects" where the consultation process is described more in detail. Specific information on the consultation process put in place by these two countries can be found in paragraph 3.2.1.

Specific tools used in the partnership process

Working groups were set up in more than half of the countries analysed (AT, BG, DE, DK, FR, LV, PL). Typically their main purpose was to discuss the principal issues related to rural development and agriculture and to identify the main needs to be targeted by the strategies and the programmes. For this reason they usually included a wide range of actors, such as members from the MA and PA, representatives of economic and social organisations, rural development experts, etc. The working groups were organised either by axis, or groups of measures, or according to the main themes highlighted during the initial discussions. In the case of Rhineland Palatinate they represented an important reference point for the future internal organisation/composition of the MC.

In **Austria** the working groups were created with the specific purpose of developing the strategy and the programme. Chaired by departments of the Ministry of Agriculture, they were created according to relevant themes, such as investments, adding value to rural products, diversification in rural development, forestry, agri-environment. They included representatives of institutions, organisations in charge of programme implementation during the previous programming period, economic and social organisations, and experts on rural development. The working groups analysed the baseline situation and tried to identify the main issues and needs in order to develop useful proposals to be taken in consideration in drafting the programming documents.

The following table gives a general overview of the main tools used for implementing the partnership process in the 12 countries/regions analysed.

Table No 10 - Partnership tools per country

Partnership tools	Countries / regions
Bilateral consultations (EC – MA)	All
Inter-ministerial consultations	PL, GR, DE-RP, DK, FR, IE
Meetings with local institutions	FR, GR, PL
Conferences/seminars	DK, LV, AT, BG, ES-CAT, IE, PL
Public consultations /hearings/ fora	DK, LV, AT, BG, DE-RP, HU
Meeting with stakeholders (public/private)	DK, FR, GR, LV, DE-RP
Setting up of formal bodies	IT-ER
Web based tools	AT, BG, HU, LV, DK
Working groups	AT, BG, DE-RP, DK, FR, LV, PL

Source: TWG4 case studies reports

The MC and the NRN did not play an important role in this first phase of consultation, with the exception of Latvia where the MC was established early in the process and it could

actively participate to the drafting both of the NSP and RDP and partially Germany where the federal MC participated in the discussions for the definition of the NSP.

Second phase of the consultation process: implementing stage

The second phase of consultation is an on-going process related to the implementation of the RDP, including possible modifications of the NSP and RDP. This phase is characterised by a more structured approach to the consultation carried out by the MA together with specific bodies, namely the *Monitoring Committee* and in some cases the *National Rural Network*.

The partnership principle also in this case seems to work efficiently, both in its vertical and horizontal dimensions. In particular regarding the vertical dimension, while the relation between EC and MS is reported to be efficient and productive in all the countries examined, the actors at EC and regional level do not have, with few exceptions (IT-ER, ES-CAT, DE-RP), regular exchanges.

Monitoring Committee

MA, PA, EC, ministries, regional and local governmental bodies are represented in the MC, as well as the main economic and social stakeholders, such as environmental and farmers’ organisations, NGOs, universities, etc. The MC is usually chaired by the MA⁴² and it can be assisted in its activity by the creation of working groups reflecting specific issues as well as serving the purpose of improving communication with stakeholders and wider rural society.

The role of the MC in RDP implementation and in the consultation process, as well as the internal dynamics that exist among members, varies between countries. The following table presents some elements that describe the role of the MC in the consultation process, both at vertical and horizontal level.

Table No 11 - Role of the Monitoring Committee

Role of the MC in relation to the partnership process	Countries
Informal exchanges between members – informal meetings, written submission, bilateral meeting, etc.	All the countries
Formalised structure aiming to achieve efficiency in the consultation process and high degree of influence in the implementation of the RDP	DE-RP
Presence of groups of stakeholders with high degree of influence in the consultation process	LV
Formal role of the MC, while the main decisions are taken in informal exchange between the MA and a restricted number of stakeholders	IT-ER, PL, HU
Written procedure frequently used to decide on <u>substantial matters</u> and not only on day-by-day issues.	IT-ER, PL, GR, DE-RP, DK, LV

Source: TWG4 case studies reports

⁴² Art. 77 and 78 of Council Regulation (EC) N°1698/2005.

A written procedure is frequently used, not only to decide on day-by-day issues that can rise from the implementation of the RDP but also for substantial matters that would need to be discussed in formal meetings. The written procedure aims at speeding up the process and increasing the efficiency of the MC, but it was highlighted that its excessive use can reduce the level of members' participation.

In Poland the MC procedures are considered generally efficient. Yet, its influence on the programme management is low and the level of discussion and participation has decreased considerably in comparison to the previous programming period. Use of the written procedure is becoming more and more common and not all the members have voting rights.

In Latvia the MC was established very early in the process and it has been able to participate actively in the definition of the strategy and the main financial issues within the preparation of the RDP. This involvement has favoured the adoption of a highly shared strategy. However, at the same time the MC acts as a credible counterpart of the MA, opening the door to possible criticism but also building the basis for a democratic and open discussion process. This strong role of the Latvian MC is based upon the choice to have very broad and powerful stakeholders groups as representatives of the civil society and the constructive atmosphere of working built within the MC members.

There seems to be a trade-off between the MC efficiency and the partnership principle. On one hand the use of the written procedure and the informal exchanges between selected members ensure more efficiency and allow overcoming timing issues. On the other hand the functioning of the MC becomes automatic resulting in a lack of members' involvement, a decrease of importance of the MC and in particular a scarce capacity to improve the RDP implementation.

National Rural Network

The NRN is considered to be potentially an important actor for the implementation and functioning of the partnership principle in this on-going phase. It is seen by numerous interviews in several MS as a crucial instrument to improve the horizontal partnership, being in many cases public administrations and private stakeholder members of the network. Its role varies significantly between MS and is very much related to its structural set up – within the MA or partially or totally outsourced – and its stage of development.

In some case studies (LV, AT, IT, DE, ES) it has been highlighted that the NRN, having as its main objectives to improve the implementation of the RDP and to facilitate the exchange of information/experiences, could support actively the enhancement of the communication activities and, linking to that, the partnership principle. In some countries, such as Hungary, the NRN mandate mentions explicitly among its main tasks the creation of a forum where relevant stakeholders (at vertical and horizontal level) can establish a regular dialogue and the promotion of social, economic and cultural cooperation, underlining its potential role in enhancing the partnership process.

In spite of several interviews' opinion on the important role the NRN could play in developing the horizontal dimension of partnership process, in only a few countries (AT, LV) was the role of the NRN reported to be very important, disseminating information,

supporting the improvement of the exchanges between national and regional level and promoting the relations between different stakeholders groups.

In other countries, such as in Hungary⁴³, the situation is very different, with the NRN heavily dependent on the political situation of the country, or in Bulgaria and Greece where the NRN was not yet operational at the time the case study was conducted (2010).

3.4.2 Assessment of difficulties, how these have been dealt with

As explained above, there has been a general willingness to ensure the partnership principle in the MS/regions examined, nevertheless several issues remain evident.

Organisational problems

The consultation process in its first phase was affected by the overlapping of the NSP and RDP preparation. This issue has been reported in all the countries analysed, resulting in problems to have an effective consultation process and restricted time for analysing the documents provided.

This problem characterises also the second phase of the consultation process with regard to RDP implementation. In many cases the actors involved have at least reduce this obstacle by giving more space to informal exchanges among partners and encouraging submission of written contributions on specific topics of interest. Naturally this issue has direct and negative effects on the quality of the exchanges between the partners.

Communication between EU/national and regional/local levels

The lack of relations between the European and the regional level has been reported as a main issue in all the MS examined, with the exception of those which have chosen the regional programming approach (DE, IT, ES)⁴⁴. In fact exchanges between these two levels are almost inexistent and if exist they are not structured but rather informal.

In spite of the generally positive organisation of vertical partnership process within the MS, in some countries (GR, IE, HU) communication with the local level was considered inadequate, for example in Greece where the local authorities involvement in the consultation process was rather weak.

Some issues were raised about the real effectiveness of the consultation process, in particular the tendency of some central governments to not embrace the participation process in a meaningful fashion. Although problems and solutions were identified collectively, the decision making process was still very much controlled at national level (e.g. FR, PL).

⁴³ Notwithstanding the tasks described in the NRN mandate.

⁴⁴ France is omitted here as is not formally regionalised in the full sense.

Role of different groups of stakeholders

In many cases the consultation process is influenced by the different weight of the stakeholder groups. Farmers, producers and environmental organisations have proved to be the more powerful actors in influencing the programming and implementation process in more than half of countries/regions examined (BG, DE, DK, ES, FR, HU, PL, LV).

In general the organisations related to axes 1 and 2, such as the agricultural lobbies in IE, HU and BG had a stronger influence during the first phase of consultations and later within the MC. It was seen that their opinions and contributions were (and are) generally taken more in consideration by the MA. It was also underlined that not all the parts of the RDP were negotiated within a wide partnership. Hungary is a representative case of a situation where the internal consultation process was in general considered poor. It was significantly driven by political lobbies and few powerful interest groups (especially large-scale agricultural producers).

The organisations related to axis 3 and the local communities were not able to exercise a strong influence during the first phase of the consultation process, and this tendency is maintained in the second phase. This weakness is mainly due to their lack of experience and knowledge in the mechanisms of the consultations, which the main agricultural lobbies proved to be more familiar with (FR, BG, HU, PL).

Role of the Monitoring Committee

The role of the MC was judged to be very weak in a minority of cases, frustrating the possibility to have a constructive discussion between the different partners. In IT-ER, for example, the main discussions and decisions are taken before the official meeting involving a much more limited group of stakeholders.

Informal exchanges between members, and in many cases between a restricted number of them, have been used as alternative working practice also to overcome another important issue (identified in almost all countries), namely the limited time for analysing the document to be discussed by the members during the MC. In fact the documents that usually the partners have to examine for the preparation of the meetings are considered extremely time consuming. The organisation of informal exchanges before the meeting with the participation of a restricted number of members has become a common procedure, resulting in more efficiency during the meeting but in negative effects on the quality of the exchanges and on the level of participation.

In few cases the late establishment of the MC was considered as an obstacle for the proper functioning of the partnership process and for addressing the coordination issues. In Rhineland Palatinate the regional MC was set up after the main consultations for the definition of the RDP had already taken place, negatively affecting the partnership process, in relation to which the MC in its final composition would have been extremely useful.

A robust MC is considered very positive for improving the partnership principle, the transparency of the decisions and for reaching positions as much shared as possible among the different partners. On the other hand the possible negative aspects sometimes implied in this strong role must be faced and taken in account, such as the influence that some

organisations/lobbies can exercise within the MC (LV). The difficulty to reach a common position within the MC can be another possible issue when some members have a strong role and influence.

The role of the NRN

The role of the NRN has been typically limited and only in Austria it is officially involved in the partnership process being part of the MC. In some countries the NRN was not in place when the consultation process was conducted and in other countries although it already existed did not participate to the process. The lack of independence of the networks from the MA, mainly related to those that have been set up within the MA itself, has been highlighted as the main issue negatively influencing its role in the partnership process.

3.4.3 What has worked well, innovative suggestions for the future

The partnership arrangements were considered satisfactory and fruitful between the European and national level, as well as within the MS, notwithstanding the specific problems identified in the case studies. Relations with the EC were (and are) considered from the perspective of the stakeholders positive and based on mutual trust (e.g. BG, PL, IT-ER). The possibility to establish informal contacts with officials in the Commission is particularly appreciated.

Moreover the more extensive role played by academic and research expertise at national level is valued in some countries (FR, LV) as relevant for the consultation process, and it is considered reflecting a general change of attitude within the MAs, which appear to appreciate the added value of cooperation with other actors.

Some possible improvements proposed particularly stress the strengthening of the role of the MC and of the NRNs in the process of partnership.

The competences of the MC are mainly administrative and the main role within its members is played by the MA, which remains responsible for the decision-making process. Nevertheless, an effort should be made to ensure to all the partners equal involvement and consequently improve the effectiveness of the partnership principle, for example giving voting rights to more actors (including those from the private sector).

The NRN is seen by some countries (AT, LV, IT, ES, DE) as a key actor in the improvement of the partnership process, due to the potential it has to gather new groups of stakeholders at regional and local level, and to disseminate information. Its role in the partnership process, more consultative compared to the MC, should be better defined, enhancing also its independence from the MA, especially where the NRN is set up within the MA.

In **Austria** the role of the NRN is seen as very positive by the MA in enhancing the partnership process and the transparency of the consultations. The NRN has been able to establish a good relation with farmers and environmental organisations and it contributed to the debate related to issues like biodiversity, integrated approaches to agriculture and the protection of the environment, organising meetings and workshop, the results of which provided the MC with useful inputs and suggestions.

In **Latvia**, the NRN has established a very good network at regional and local level. This allows it to gather several stakeholders and to facilitate the participation of local actors, both private and public, in the activities organised by the NRN, included those specifically related to the consultation process. For instance, the Latvian network was actively involved in the CAP public debate and in the subsequent consultation process. It organised several workshops and focus groups at national and regional level, being able to collect a relevant amount of contributions, not only from the main organisations but also from private people.

The organisation of training activities about the functioning of the partnership principle addressing mainly private and public stakeholders (such as axis 3 related organisations and local authorities) and some NRNs has been highlighted as a possible solution to overcome the low level of participation of these actors in the process⁴⁵.

⁴⁵ The issue has been raised during the TWG4 meeting on 14.04.2011.

3.5 Implementation of the Leader approach (and similar integrated territorial development strategies)

Leader is the main focus of this section although the research carried out through the case studies explored the possible existence of additional tools to implement integrated territorial development. In almost the totality of the case studies however, other forms of integrated territorial strategies at the national or regional level were not identified (apart from the exception provided by the German-RP case; see the text box below).

Integrated territorial development strategies are tools, which enable Local Action Groups (LAGs) to address their territorial objectives with the help of EAFRD-funding.

From a DG AGRI perspective the Leader approach has been foreseen as the main tool to foster rural development through the implementation of such strategies. It is based around seven main principles, which are listed in Article 61 of Council Regulation (EC) N° 1698/2005. It emphasises:

- area-based local development strategies designed for well identified sub-regional rural territories;
- local public-private partnerships – i.e. the 'Local Action Groups' or LAGs;
- a bottom up approach, with decision-making power accorded to the LAGs with regard to the elaboration and implementation of the local development strategies;
- the integrated and multi-sectoral design and implementation of the strategies, based on interaction between actors and projects in different sectors of the local economy;
- the implementation of innovative approaches;
- cooperation;
- networking.

The contribution of the Leader method to development of rural areas lies in the development of their endogenous potential by calling on local initiative, promoting the acquisition of know-how and disseminating the acquired experience in other rural areas.

Leader was first launched in 1991 as a Community Initiative under the umbrella of the EU Cohesion Policy. Its scope was to introduce and test new methods in the perspective of integrating them in the mainstream programs. Up until 2000 Leader's mission was to address development issues in the rural areas lagging behind (Objective 1) or with low level of socio-economic development (Objective 5b) as defined within the European Cohesion Policy. In this mission, it was financially supported by the EU structural funds⁴⁶. In the period 2000-2006, the scope of Leader+ was extended to the whole of EU rural territory, supported by the EAGGF Guidance section.

⁴⁶ ERDF (European Regional Development Fund); ESF (European Social Fund); EAGGF-Guidance (Guidance section of the European Agricultural Guidance and Guarantee Fund).

From 1991 to 2006 the evolution of the initiative (Leader I from 1991 to 1993; Leader II 1994-1999; Leader+ 2000- 2006) kept the original character of "laboratory" to encourage the emergence and the testing of new approaches to rural development.

In this time span the Leader initiative has been subject to a constant evolution in terms of available financial EU resources (from around EUR 450 million of Leader I to EUR 2.1 billion in Leader+), number of LAGs involved (from 217 of the origin to 1153 in the 2000-2006 period) and also in its territorial coverage and tools, as transnational cooperation.

As of 2007 a significant shift has occurred in the conception and implementation of the initiative in support to rural development. In the current programming period, Leader is implemented more widely in the mainstream rural development programming, under the provision of the RD regulation and the financial support of the EAFRD.

Firstly, whereas in all previous periods Leader was governed by a separate regulatory framework from that applied to other rural development activities under the CAP, in the current period it is incorporated within the same regulation, albeit within a separate and distinct horizontal axis of activity (Axis 4). This is one of the elements of an explicit choice to mainstream Leader within rural development under the CAP.

Mainstreaming has also involved allowing Member States to decide to what extent Leader should engage with the delivery of the full rural development menu of measures, organised around the three other axes within the regulation (farm and forestry competitiveness, environmental land management and rural economic diversity and quality of life). The difference between the Leader axis and the other EAFRD axes does not lie so much in the content of the actions but in the way in which these actions are implemented and linked together, both in and by rural communities themselves.⁴⁷

As a consequence of bringing Leader within the same regulation as the rest of Pillar 2 - under a single fund and programming approach- the same rules on reporting, financial management and controls also apply to axis 4. Also, the timing and sequence of programming and the arrangements for monitoring and evaluation are also identical with those applying to the rest of the rural development programmes.

In the current programming period the composition and the tasks of the LAGs are spelled out in Article 62 of Council Regulation (EC) N° 1698/2005. The LAGs are called to define and implement integrated local development strategies for the area they cover, in coherence with the objectives set in the RD regulation. In this view they have to select projects (sometimes including cooperation projects) to be supported by the EAFRD.

Cooperation -and in particular transnational cooperation (TNC)- is considered an important feature of Leader. According to Article 39 of the implementing Regulation⁴⁸, a cooperation project involves the implementation of a joint actions between rural areas organised around a Local Action Group (or a group taking a similar approach) under the coordinating function of a LAG. Cooperation projects are an effective mechanism for helping rural areas to jointly develop new solutions to common issues.

⁴⁷ DG AGRI Guide for the application of the Leader Axis of the Rural Development Programmes 2007-2013 funded by the EAFRD, revised version, March 2011.

⁴⁸ Commission Regulation (EC) N° 1974/2006.

In the current programming period, the Leader axis absorbs the 6.0% of the EAFRD contribution (EUR 5.5 billion) supporting more than 2,000 LAGs.

Out of the 12 RDPs examined, only in **Rhineland–Palatinate**, an additional integrated territorial development approach is applied. In this Lander, rural development operates with two complementary approaches for integrated, territorial development: the Leader approach (axis 4) and the ILE approach (*Integrierte ländliche Entwicklung* - integrated rural development, translated from German), the latter supported through EAFRD measures 341-1 and 341-2 and combined with measures of axis 3. The current ILE approach originates from the state specific schemes of 'agri-structural development planning' (*Agrarstrukturelle Entwicklungsplanung-AEP*) and 'facilitation of area development' (*Landentwicklungsmoderation*). In 2004, these two were joined under the GAK¹.

Both the ILE and Leader approaches seek to foster local participation and create local identity in order to encourage innovative projects. Both are project-based, bottom-up approaches trying to draw from local knowledge, competences and resources. Therefore both approaches are based on the preparation of a territorial-based development strategy called '*integrated rural development concept*' (ILEK, *Integriertes ländliches Entwicklungskonzept*) in case of ILE, and '*local integrated rural development concept*' (LILE) in case of Leader.

From a practical point of view, the major difference between the two approaches lies in the number of inhabitants covered by the respective integrated territorial strategy/concept. ILE regions are allowed to have 30-60,000 inhabitants, whereas Leader regions may hold 60-150,000 inhabitants. As a consequence, the territorial scale of Leader regions may cover approximately two counties while ILE regions stretch over two to five municipalities. In terms of its thematic focus ILE is therefore a smaller version of the Leader approach, yet there are significant differences regarding the measures which can be applied for.

In both cases the existence of an integrated territorial strategy/concept in the respective region is a criterion of eligibility for support either under the conditions of axis 4 (Leader) or under the measures 341-1 and 341-2² (ILE). In principle, Leader LAGs can use and combine all measures of axis 3 and some of the measure of axes 1 and 2 in order to implement their local strategy. They can also use so-called 'complementary Leader measures' that allow for project related funding as long as one strategic objective of EAFRD is supported and funding cannot be covered through mainstream measures. On the other hand, ILE regions can apply for all the measures of axes 1 and 2. Also, some measures of axis 3 are reserved for only these regions. In respect to Leader approach, the ILE regions have a direct advantage of receiving a 10% higher co-funding share for the implementation of measure 125; they also receive a guarantee budget of EUR 100,000 for the implementation of measures under axis 3.

¹ *Joint Task Improvement of Agricultural structures and Coastal Protection (see more on GAK in section 3.2 "Programming procedures and financial aspects")*.

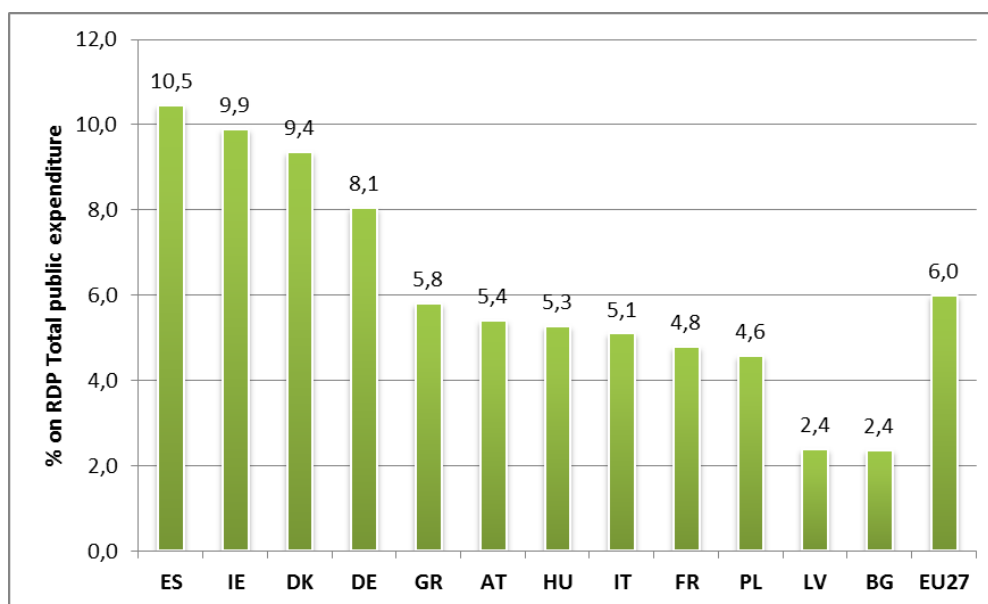
² *Measure 341-1 allows co-financing of the preparation of a local development plan (ILEK); measure 341-2 supports the establishment of a regional management office. In both cases Municipalities are the beneficiaries.*

3.5.1 Who does what?

Budget allocation and mainstreaming of Axis 4

In the twelve case study countries, the Leader axis has been allocated a share of 6,1% of the total public expenditure on average. The proportion of funds allocated to Leader in these countries is in line with the EU27 figure, 6,0%. The data is based on the first approved Rural Development Programme versions, prior to the Health Check.

Figure No 3 - RDP Total public expenditure allocated to Axis 4 (% , pre HC budgets)



Source: EC, DG AGRI (Apr 2008, based on approved RDP budgets)

N.B. In regionalised countries the RDP involved in the analysis were: DE-Rhineland-Palatinate; ES-Catalonia; FR-Mainland; IT-Emilia Romagna. (Axis 3 in the IE programme is fully implemented through the Leader approach).

The chart above shows a certain distinct tendency between old and new MS. Budget allocation to axis 4 is above the 8% in ES, IE, DK and DE with Catalonia⁴⁹ allocating the highest total public budget share (10%); around 5% is allocated in GR, AT, IT and FR. This is also the case for HU and PL, possibly reflecting the successful experience of the Leader initiative in these two countries during the period 2004-2016. Finally, around 2% is allocated to axis 4 in LV and BG.

Within this framework, the mainstreaming of Leader has followed different paths. Table 12 shows how the different RDPs considered decided to open the three horizontal objectives and the measures of the relevant axes to an implementation through the Leader approach.

⁴⁹ In Spain, a minimum budget allocation of 10% to the Leader axis was agreed at national level.

Table No 12 - Mainstreaming of Leader in the case study RDPs (RD objectives/axes and measures)

Country/Region	Axis 1	Axis 2	Axis 3
AT	123	226	(all measures)
BG	(except 112, 141, 142)	(except 211, 212, 214)	(all measures)
DE (Rhineland-Pal.)	111, 112, 121, 123, 125, 126, 132	212, 214, 216, 227	(all measures)
DK			
ES (Catalonia)	123		312, 313, 323
FR (mainland)	112, 121, 123, 124, 125, 131, 132, 133	216, 221, 226	(except 322)
GR	123		311, 312, 313, 321, 322, 323
HU			312, 313, 322, 323
IE			
IT (Emilia Romagna)	111, 114, 121, 122, 123 132	214, 215, 216, 221, 225, 227	311, 313, 321, 322, 323, 331
LV	111, 112, 121, 123, 125		312, 313, 321, 323
PL			(except 321)

Green: Axis and selected measures within the axis that can be implemented through the Leader approach (when no indication is given, the RDP indicates Leader can apply to the relevant axis without giving details on specific measures)

Yellow: Axes and measure within axes exclusively implemented through the Leader approach (when no indication is given, the RDP indicates Leader can apply to the relevant axis without giving details on specific measures)

In all the MS/Regions analysed, the objectives of axis 3 can be delivered through the Leader approach. It has to be noted however that not all the axis 3 measures are implemented through Leader in all the cases. For example in Poland, Leader applies to all the programmed measures in axis 3 apart from 321 (basic services for the economy and rural population). In HU, on the other hand, Leader can apply only to the so-called 'non-horizontal' measures⁵⁰ (which include the ones indicated in the table). Leader is applied solely and exclusively to axis 3 just in the case of IE.

⁵⁰ Non-horizontal axis 3 measures refers to the ones for which the call for application and the selection procedure is not managed centrally. These can be included in the local development strategy and LAGs have (in principle) more competencies in project selection and approval.

In half of the RDPs examined (AT, BG, DE, FR, HU, IT) no restrictions were applied to the mainstreaming, potentially allowing all the objectives of all the three thematic axes to be delivered through Leader (as in the previous case, the number of measures open to the bottom-up approach can differ). Among the remaining cases, 4 RDPs (DK, ES-Catalonia, GR, LV) put the focus on the support to the objectives of competitiveness (axis 1) and/or quality of life in rural areas and diversification (axis 3). From this sub-set the GR RDP identified some measures in axis 3 that can be exclusively implemented through the Leader approach. Finally, axis 2 measures results –potentially- are open to the Leader approach in half of the RDPs. Again, in the majority of the cases, only specific measures have been considered.

Three Models of Leader Implementation

In terms of actors involved in the delivery of Leader, division of responsibilities and main tasks undertaken, an extensive analytical work has been carried out by the ENRD Focus Group on “The Implementation of the Bottom-up Approach”⁵¹. The outcomes of this work represent the main reference for the description of the implementation of Leader axis provided in this section. The additional information coming from the TWG4 case studies are read within this wider framework and used for providing specific examples of delivery.

The work of the Focus Group highlighted the existence of three major Leader implementation models currently used by Member States under the fourth axis. They vary according to which management tasks have been delegated to the LAGs.

(i) *Decentralisation of project selection competence* (most common model, used in 19 MS). In this model, the LAG is responsible for implementing the local development strategy and for generating, appraising and selecting projects. However, the Managing Authority (or other delegated implementation body) retains responsibility for efficiency and management and formal project approval, with subsequent claims generally being settled by the Paying Agency.

The advantage of this approach, relative to the other two models, is that there is a relatively small administrative burden placed on the LAGs, meaning that they can focus more on animation and development work. They are also exposed to lower risk, especially if the project fails. The disadvantages are that the LAG is likely to have less sense of ownership over the local development strategy and less control over project implementation. There is also an additional administrative layer between the beneficiary and the funding, meaning that it can take longer to assess and approve projects.

Among the TWG4 case studies, AT, DE-RP, DK, ES-CAT, LV and PL have applied the first model. The information provided by the case studies, highlight also a significant shift of

⁵¹ The Focus Group 1 on the implementation of the bottom-up approach was established under the auspices of the ENRD Leader subcommittee in November 2009. Its mandate envisaged the analysis at the EU level of the way Leader axis has been implemented within the 2007-2013 RDPs. Its objectives were to: a) establish and inventory of implementation models; b) identify main difficulties and obstacles in the implementation of Leader axis, and good practices; c) reflect on possible solutions to improve Leader administrative implementation. The analysis was carried out on the results provided by: 1) a survey on the implementation models involving 27 MS covering 88 RDPs and; 2) a detailed questionnaire completed by 24 MS covering 66 RDPs. The results of this work are available on the [ENRD website](#).

competence for LAGs with respect to the past programming period, expanding significantly the role of the LAG as technical advisory and administrative delivery functions on behalf of the central administration. In summary, some examples are provided below:

- In **Denmark** the LAGs design and manage their local action plans, select projects and submit them for approval to the Managing Authority (DFIA). Payments are made by the PA at central level. LAGs also prepare the call for proposals and, on the basis of the applications received, they prepare a proposal for decision which is submitted to the MA. The latter makes the administrative controls and eventually accepts the proposal submitted by the LAGs, and produces the formal approval. The decision taken is communicated both to the beneficiary and the LAGs. Payments done by the central PA are issued on the basis of a payment request made by the LAGs after having undertaken opportune checks and controls
- In **Poland**, the competences of the LAGs include: the preparation of the local development strategy; the development of the contents of the call for application (including the definition of criteria for the selection of the projects); assistance to applicants in preparing the projects; the selection of the projects to be possibly financed and; to provide information on the rules for granting aid. The project applications then go through the formal verification which is done by the regional government (voivodship self-government).
- Additional details are provided in the Spanish (**Catalonia**) case with respect to the description of competences. The LAGs control the eligibility of the potential beneficiaries and the compliance with the requirements for providing support, provide technical advice for the promotion of the projects, receive applications, and monitor the progress. Additionally, as a technical service, LAGs are also responsible for the controls at the beginning of an investment. They produce technical reports on the applications received, estimate the cost of the support requested as well as proposal for changes in the applications, perform control at the conclusion of the investment and finally, produce certification to accompany the request for payments for the MA.

(ii) *Decentralisation of project selection and also of payment competence* (used in 4 MS). In this case, the payment task is added to that of the first model above. The advantage is that the LAG is more visible to the beneficiaries; it should also reduce the time needed to pay claims. On the other hand, the disadvantages include that it can be difficult to find an organisation locally that is prepared to act as an accountable body and has the necessary administration and accountability capacities. It also increases the level of risk for the LAG, which is then responsible for the disbursement and accountability of EU funds and must also perform the necessary controls and checks, as required of a paying agency.

None of the cases examined fall within this second model.

(iii) *Decentralisation of project selection and approval* (used in 12 MS). The key feature of this implementation model is that the legal commitment towards the beneficiaries is made by the LAG through the issue of a grant letter. Furthermore, two variants are identified for this model:

- (a) variant A, in which payment to the beneficiary is made by a separate Paying Agency;
and
- (b) variant B, where payment is made by the LAG acting as paying agency.

The advantages of this model, especially of variant B, include the LAG being more visible to the beneficiaries in the process of awarding funding to projects. The LAG also has a greater sense of ownership and autonomy, thereby making it easier to coordinate between projects and -in theory at least- reducing the time needed to assess and approve projects. Nevertheless, as in the second model, it can be difficult to find an organisation locally which is prepared to act as an accountable body. There is also a greater degree of administration and a higher level of risk for the LAG, in that it is again responsible for the disbursement and accountability of EU funds.

Among the case studies BG, FR, GR, HU, IE and IT (Emilia Romagna) are characterised by the implementation of this third model.

In **Ireland**, the implementation of Leader through the most decentralised approach is justified by the strategic choices made at national level with respect to the delivery of the rural development policy. According to the National Spatial Strategy -one of the national strategic documents which informed the definition of the NSP (National Strategy Plan) - for economic and social development, the chosen focus for the policy delivery is the county level.

On this basis a reorganisation of the operational structure of Leader was foreseen for the current period 2007-2013, the so-called cohesion process. As consequence, from 2007 Integrated Local Development Companies (ILDCs) covering all of Ireland's rural communities were established, and made responsible for delivering Leader and axis 3 of the RDP together with nationally-funded initiatives aiming at social inclusion. ILDCs were built upon some modified forms of LAGs operating under Leader+ and some new companies set up specifically for the new programming period.

The majority of the LAGs therefore are set at county level and deliver a range of programmes covering social inclusion, rural transport, community services, in addition to administer Leader.

The selection and the approval of individual applications is carried out by LAG although the selection criteria and guidelines are agreed in consultation with DCRGA (Department of Community, Rural and Gaeltacht Affairs), responsible for the delivery of axis 3 and Leader. LAGs assume payment functions to beneficiaries and their activity is monitored by DCRGA, which in turn is dependent form the MA of the programme (DAFF, Department of Agriculture, Fisheries and Food).

The following map summarises the distribution of the different implementation model at the EU27 level.

Indicative map of implementation models per Member State/Regions



Source: ENRD Focus group 1: 'Extended report on the implementation of the bottom-up approach', December 2010.

It is apparent therefore that there is no universally-practised division between the responsibilities of the Managing Authority (MA), the Payment Agency (PA) and the LAG itself. While the majority of LAGs are principally responsible for implementation, the degree of programme authorities' involvement varies considerably between MS. This in part reflects differences in experience and administrative know-how, but also in some cases – as pointed out by the Focus Group report - a lack of trust between actors.

Among new MS, the majority have adhered to the first model – i.e. the one that gives the LAGs least autonomy – whereas the situation in older MS is less defined with a tendency to devolve more responsibility to the LAGs in southern countries (e.g. ES, PT, FR, IT, GR)⁵² while elsewhere a more conservative approach was applied.

This may suggest that, where the implementation of the Leader approach is not supported by past experience, the competent authorities made a choice towards a less articulated and, possibly, simplified (from an administrative perspective) model.. This in order to maintain more control on the delivery process at local level and, on the other hand, let LAGs to be progressively acquainted with their new tasks and responsibilities.

⁵² Such tendency can be explained taking into account the experience cumulated during the previous rounds of the Leader initiative. In ES, PT and GR, for example, local development agencies/companies with a large portfolio of tasks were established in the 1990s. Similarly, in France, the "Pays" were established. These models seem to have proven to be efficient delivery solutions for implementing Leader.

3.5.2 Assessment of difficulties, and how these have been dealt with

Attempts have been made in the case study research and the analysis carried out by the Leader Focus Group to identify and categorise the main issues and problems experienced in the operation of Leader programmes in the current programming period. These issues may be categorised as follows.

- Issues around the LAGs themselves and the day-to-day management, such as the division of roles/tasks between the implementing authorities and LAGs and the relationships between them, the level of knowledge and skills of LAG managers and staff, the competences of the LAGs and the consequent relative administrative burden.
- Issues around the Local Development Strategies (LDS), for instance their variable quality, the short time for planning; project eligibility criteria linked to them, the management and the eligibility issues related to specific kind of projects (small-scale projects, complex projects).
- Various financial issues such as the lack of/difficulties with co-financing, competing national financing, harmonisation with other financing sources, and financing of the operational costs of LAGs themselves.

Overarching these particular issues, there was also a significant degree of concern expressed about the degree of compatibility between 'mainstreaming' and the retention of the key qualities of the 'Leader approach'. It is very apparent from a range of case studies (e.g. ES, LV, IT, PL, HU, DK) that Leader mainstreaming –and in particular the transition from the rules applied under the Structural Funds to the EAFRD rules- has been proven a difficult process. For many programmes the new LAG structures, rules and operating practices are more constrained and more burdensome than those applying to the old Leader+ groups.

Issues relating to the mainstreaming of Leader

A wide concern was expressed about the right place of the Leader approach within the pre-determined EAFRD structure of axes and measures. This rigidity was considered in several cases (AT, FR, IT, LV, HU) to be hampering the pursuit of a real integrated territorial approach, generating a stronger focus on sectoral (agricultural) priorities. In this framework, Local Development Strategies (LDS) have to be built upon on a more restrictive list of priorities in addition to coping with the wider regional (and sub-regional) strategy (as raised, for instance in FR, IT and, HU).

Additionally, the decision to allow Leader groups to intervene in axis 1 and 2 in particular, has created a kind of internal competition between different entities and Leader groups for the implementation of the same measures with different approaches. This has raised the

question of demarcation between the two approaches, which in some cases was addressed in an unsatisfactory way (e.g. in IT) from the point of view of the local stakeholders.

In this context a specific issue regards the decision of whether or not to deliver projects funded using measures under the other axes, in which case that part of LAG delivery has to conform to the requirements for each individual measure funded under those axes. The issue of the *unsuitability of general RDP rules* for the Leader approach emerges even with more emphasis when the implementation of small-scale projects or complex projects (consisting of a group of operations under different measures) is considered (see specific sections below).

As a consequence of mainstreaming, the 'seven key principles' of the original Leader concept are sometimes deemed to have been neglected. In several cases, this is also due to changes within the public administration, as between the 2000-2006 and the current period, and the shift of responsibilities and oversight role of the LAGs' activities to people new to the Leader approach. In such situations, the Leader added value is lost and the Leader mechanism is reduced to being simply another option in selecting delivery methods for the various measures in the programme.

In some MS the institutionalisation of the Leader approach within rural development policy more generally, and its resultant integration within the various axes and measures, is considered to be an advantage. However, this is not typical. In Denmark for example, the scope of the measures available is considered to be broader under the current period, but the rules of the system are said to have had a negative impact on this breadth and the scope to support specific projects. In part, this is linked to tighter rules on project eligibility deriving from measure definitions under the EAFRD and RDP.

There are concerns that the Leader approach as originally conceived is under pressure. For example, Finland⁵³ has launched a review on how to reintroduce a genuinely Leader-type approach, suggesting a view that this has currently been lost. In the Italian case, the analysis suggests that the excessive rigidity of the regulatory framework and system of rules associated with the 2007-13 Leader programme fails to give LAGs sufficient decision-making autonomy in either the design or the implementation of their Local Development Plans (LDP). In comparison, the Leader+ programmes are described as having been less rigid, enabling the support of more innovative and experimental projects.

In short, there are widespread concerns that the management and financial procedures associated with mainstreaming are incompatible with the 'Leader approach', mainly due to their increased complexity and relative lack of flexibility. In Poland, for example, it is suggested that Leader has adopted rules for the implementation of the broader RDP, rather than the RDP being adapted to the needs of Leader. Similarly in Hungary, it has been stated that LAGs are becoming increasingly disillusioned with the mainstreaming of Leader, seeing their role as being administration-focused, with insufficient time and resources for project development. This concern was shared also by some LAGs in the Spanish case, where the

⁵³ Evidence of this experience was reported at TWG4 meetings.

technical advisory and administrative delivery functions (on behalf of the administration) were expanded to the detriment of animation and innovation roles.

The characteristics and capacity of the LAGs

The evidences brought by the analysis undertaken by the Leader FG1, highlights that the capacity of the LAGs is a crucial factor. In most cases the LAG is a legal entity, although not always. Where they are not legal entities, they are usually using a supporting public structure.

Many of the LAGs have experience from previous programming periods, although this varies very considerably between MS. Making use of experience gained in managing territorial plans during previous programming periods is important, for example with regard to the retention of staff that have built up skills and capacity, and to the institutional networks and social capital already developed. A wide range of skills is required to deliver Leader and a shortage of skills can be an impediment to its successful implementation.

LAG capacity also reflects the size of a LAG's staff which normally tends to depend on the level of administrative tasks undertaken, as well as the area and/or population covered and budget managed.

With reference to the case studies covered by TWG4, AT, DE, DK, FR and LV report the presence of 1 to 2 full-time equivalent staff. In some cases LAGs are too small and cannot afford for their management costs to have one or two full-time persons working in the administration. That is why, as in the Danish case, most LAG's have a coordinator working for them part-time, while only the ones with a larger budget can afford a full-time position.

In other cases (GR, HU, IE, IT, ES-Catalonia) the staff people amount to 3 or more. In GR, each LAGs counts on average 1 coordinator and 3 to 4 other people whose main tasks range from management of the local development strategy to information, publicity project assessment and monitoring, performing administrative checks and payment of claims.

LAGs are local structures that are required to implement a local development strategy, which includes processes of animation, administration, assessment and, on occasions, control. This requires a critical mass of staff to cover this range of functions, yet it is apparent that a significant number of the LAGs have a relatively small number of staff and in many cases are struggling to perform the multiple tasks required of them, particularly where they have responsibility for the control tasks. This has the potential to undermine the viability of the Leader approach.

In this context, training is crucial in order to ensure the availability of sufficient expertise. Where there is extensive training and other forms of support available –which is not the case, for example, in HU-, this is provided especially in the form of manuals and guidelines. Nevertheless, this appears in many instances to be delivered *ad hoc* rather than as part of a systematic strategy for capacity building.

Administrative burdens

In very close connection to the above, it is also important to note that Leader mainstreaming implies LAGs taking on a significant role in delivering measures under other axes. Therefore LAGs are required to conform to the controls and eligibility conditions defined in the EU Regulations at the measure-level.

Also, LAGs are asked to monitor and report on expenditure plans, commitments and outputs at measure level to the main Paying Agency. In IE for example, all LAGs are required to collect performance indicator data from each of their funded projects. Similarly, in BG LAGs are asked to submit an Annual Report on the implementation of the LDS to the MA. This has to include the description of the progress in contracting and implementing of the projects. Furthermore, for LAGs have been asked to propose suitable indicators and identify the adequate information sources and develop a procedure for monitoring the LDS implementation.

All of this can represent a significant burden of administration for what is usually a small number of technical staff within each LAG. At the same time, because some of these measures have quite strict rules in respect of eligibility and payment rates (in contrast to the types of measure defined under previous Leader regulations), the risk of audit failures leading to disallowance is perceived as being greater, and this can encourage great concerns among those working in the LAGs.

Division of tasks

There is an apparent tension between LAG administrative autonomy (which is usually wished for by Leader actors) and increased administrative burden (which comes with more autonomy in a mainstreamed situation). This shifts the balance of LAG managers from being 'animators' to 'bureaucrats' and the LAG away from 'innovation' towards 'administration'⁵⁴. The issue of *clear definition of roles between implementing bodies (LAGs, MA, PA)* has arisen in several case studies (e.g. DK, IT) and was also confirmed by the outcomes of the analysis undertaken within the Leader Focus Group 1.

Loss of the innovative character of Leader

In mainstreaming Leader, the Commission did not intend to limit the possibility of funding innovative actions through such approach. Rather, mainstreaming was intended to broaden the scope of the Leader approach to the whole rural development agenda. This has included an increase of the available budget (as in the case of IE, where the budget was tripled with respect to the previous programming period), thereby giving the potential to create added value. In this respect, innovation and the eligibility criteria associated with standard measures are not in principle incompatible. However, many of those interviewed in the national case studies (e.g. AT, IE, IT) were at pains to stress that *Leader is losing its innovative character*. Implementation of innovative approaches is one of the seven principles that underpin the bottom-up approach. This is different from the innovation within projects

⁵⁴ Conclusions from the workshop undertaken with the Members of the TWG4 on 14 April 2011.

implemented through a standard measure, whose purpose and conditions are pre-defined in the EAFRD legislation and RDP programmes.

The analysis undertaken by the ENRD Focus Group 2⁵⁵ has identified several aspects affecting the retention of the innovative/experimental character of Leader. They relate to wider regulatory aspects and specific issues generated by the mainstreaming in the current programming period, for instance:

- the way in which innovation has been conceived at the RDP level and, consequently, the margin of manoeuvre established with respect to the use of measures (e.g. support to operations outside the catalogue of the EAFRD measures or, the possibility to use combination of measures);
- the concept and the use made of innovation in the Local Development Strategy;
- the priority given in the RDP to innovation through the definition of objectives, priorities or stricter eligibility/selection criteria (as in the case of DK);
- the low acceptance of projects with an high risk-profile, the concerns about their success or failure and, consequently, their possible co-financing possibilities, the controls and possible sanctions;
- the role of LAGs in selecting projects;
- in cases where the programme authorities formally approve projects, they sometimes demonstrate more rigid view on innovation than the LAGs;
- the need to have clear demarcation criteria between measures and funds as the innovative projects (often integrated or multi-actors projects) fall often under the scope of different possible measures or funds.

In addition there is an issue of whether a top-down, prior decision by a Member State or region should limit the number of EAFRD measures available to LAGs to implement. In this case LAGs scope for innovation may be constrained by the eligibility conditions applying to these few measures.

In the case of IE, for example, the danger of losing the bottom-up philosophy of Leader has been clearly highlighted. Notwithstanding that is generally accepted to have stricter controls following the important increase of the budget allocated to Leader, it was recognised that it is difficult to retain the specific character of Leader as a 'laboratory' of endogenous rural

⁵⁵ The Focus Group 2 on preserving the innovative/experimental character of Leader was established under the Leader subcommittee on November 2009. Its objectives were: to define the scope of innovation relevant for Leader; to identify different examples of good practice in the design and implementation of eligibility conditions for innovative projects and innovation support schemes, at both Rural Development Programme (RDP) and local strategy level; to propose suggestions to the European Commission, NRN and MS; to propose recommendations for the future. The analysis was undertaken on set of questionnaires completed by members of the FG. The extended report (available on the [ENRD website](#)) includes answers received from: Germany, Netherlands, Belgium (Flanders), Finland, France, Ireland, Italy, Poland and Slovenia.

development. This means its ability to deliver flexible, local-specific projects with a higher degree of innovation –and possibly a higher risk profile– in comparison to other RDP measures.

Financial issues, including co-funding and LAG running costs

As both responsible for the implementation of their LDS and beneficiaries of the rural development support, LAGs face several issues related to the financing of their day-to-day operation and the maintenance of their viability.

Financial sustainability is one of the most relevant –and reported- issues and is found to be linked in particular with the eligibility of the LAG's *running costs*.

In this respect, according to the findings of the Leader Focus Group 1 as confirmed by the TWG4 case studies, the most commonly reported problems relate to the ceiling allowed (as in DK) and to eligibility rules (FR, LV, DE), namely:

- the 20% ceiling on administration and operating costs⁵⁶ is considered to be very low and has proved problematic in terms of covering all the necessary implementation tasks;
- the length of time between the selection of LAGs and their receiving their first payment has caused problems in terms of on-going running costs;
- the list of eligible expenses is considered to be overly strict.

The 20% ceiling on running costs is a particular issue for those LAGs with a control function, and especially those operating under the third implementation model outlined earlier in which the full authorising procedure must also be undertaken by the LAG.

The LAG actions are also constrained because of lack of *advance payments* on their running costs before any projects have been approved. This was the case for example, in HU, where LAGs had to take loans to pre-finance their operational costs. Even after the introduction by the EU legislator of the possibility to get advance payments⁵⁷, the issue has not been fully resolved. This is partially due to the fact that pre-financing is often not given in time and also because of the high guarantees needed. Moreover, the interest rate paid for the loan is not considered as cost eligible for support. The facilitation, capacity-building and enabling role which is an important element in effective LAG operation is thus constrained by the need to have suitable projects ready to seek formal approval before the LAG can draw down a contribution to running costs.

⁵⁶ Article 38(1) of Commission Regulation (EC) N° 1974/06 says that the running costs of local action groups are eligible for Community support within a limit of 20% of the total public expenditure of the local development strategy.

⁵⁷ Article 38(2) of the same regulation deals with advance payments for LAGs and clarifies that they can be requested from the competent paying agency if this possibility is included in the RDP. The amount of the advances can't exceed the 20% of the public aid related to the running costs and the payment should be subject to the establishment of a bank guarantee or an equivalent guarantee corresponding to 110% of the amount of the advance.

Related to the above is the problem that the costs associated with a bank guarantee are considered as *ineligible expenditure* under the Regulations (this issue is particularly evident in several MS, including PL and BG). Many LAGs, especially those which are constituted as NGOs, are faced with high costs for bank guarantees. An additional financial obstacle related to EU rules arises from the *rules on the eligibility of VAT* as a declarable cost under the RDP. Several MSs do not allow LAGs to recuperate VAT. However, the LAG funding does not cover the part of the VAT, meaning that they have to cover the share of the VAT from their own funds. Another issue related to the eligibility of VAT is that different EU funds have different rules. This complicates the implementation of integrated projects that receive support from different funds.

It has to be also noted that, due to financial constraints of the LAGs, *competition for funding* arises, with the consequence that other sources of financing are found to be more convenient. For example, where alternative national schemes exist (as in the case of the Federal German Economic Package) funding conditions for the same range of projects could be more attractive in comparison to the co-financing prescriptions of the EAFRD. In some other cases co-financing conditions -and, more in general, the whole set of requirements- of other EU funds (e.g. ERDF) results more attractive with respect to specific projects (small-scale projects).

In this framework of financial constraints, some LAGs are also struggling *to secure the private share of contribution* to project funding, to match the EU contribution; particularly those LAGs which are not separate legal entities and have to rely on partners' contributions. In order to address this issue, it is clearly an advantage for LAGs to obtain public co-funding (national/regional share together with EAFRD support) in a single instalment. According to the evidence coming from the TWG4 work, this does happen in a number of MS (e.g. DE, HU, IE, LV), but is problematic in others (for example PL).

Specific financial issues arose in those MS with regional RDPs, such as Germany, where it is necessary to align different budget and implementation regulations in order to facilitate the implementation of cross-state, trans-regional projects.

Project eligibility: eligibility outside the scope of measures, and the situation of complex projects eligible under several measures

Few programmes have approved projects outside the scope of the standard rural development measures, or outside the programme of measures within axes 1 to 3, despite the option to do so under Article 64 of the RD Regulation. This reluctance, it is argued, limits the application of the Leader approach and the tailoring of projects that are 'adjusted to local conditions and needs', most particularly regarding innovation and the ability to generate what might be described as intangible benefits.

In relation to *complex projects (consisting in a group of operations supported by different measures)*, most are implemented on a measure-by-measure basis, seriously constraining operations that could benefit from combining several measures. Additionally, some LAGs clearly lack the capacity/experience to develop projects that cross or combine measures.

In terms of the development of complex projects within RDPs, it is apparent that programmes fall into three main categories (according to the outcomes of the Focus Group 1⁵⁸):

1. programmes where complex projects are explicitly envisaged or allowed, and where there are already a number of such approved/implemented projects;
2. programmes where complex projects are explicitly envisaged or allowed, although none have been approved so far;
3. programmes where there is no scope for complex projects.

It is clear that the predominant approach to the implementation of Leader projects is 'measure by measure'. In most cases, a project is identified with a particular EAFRD measure, and the funding via the LAG is offered in line with the criteria which apply to this measure. Furthermore, those relatively few programmes that do allow or encourage integrated, multi-sectoral projects, follow quite distinctive approaches with no discernibly consistent pattern. Nevertheless, those programmes where complex projects have reached the implementation stage do demonstrate the feasibility of operation of this approach, as well as offering concrete suggestions on appropriate procedures for funding and management. This includes thinking in terms of the 'main project' and 'project chain' concepts⁵⁹, as well as making sure that there are suitable electronic project management systems in place to facilitate multiple-measure linkages.

DE-RP, DK, FR, GR and ES-CAT for example, fall into the category of RDP where complex projects are explicitly envisaged or allowed. Here, the emphasis is on an integrated focus and a broad approach that captures several measures, involves many partners and secures public-private partnerships.

The particular challenge of small scale projects

According to the finding of the Leader Focus Group 1: there are two broad categories of small-scale projects:

1. those formally established at RDP level;
2. those LAG-level schemes with the status of an approved project.

In relation to the RDP-based schemes, the main objective is to facilitate access to the programme for local people and small local organisations. The application documentation is

⁵⁸ Leader subcommittee Focus Group 1 supplementary report on "specific aspects of the Leader approach implementation", February 2011 (available on the [ENRD website](#)).

⁵⁹ In the first case ('main project') the possibility is given to combine the activities and related costs under a limited number of measures (max. three) with the condition that more of the 50% of the support comes from one 'main measure'. In the second case ('project chain' approach) the overall project is implemented in different, consecutive slots under the support offered by the relevant measures involved. Each part is approved, funded and checked separately.

simpler for these projects than it is for ordinary Leader projects, but the reporting and monitoring requirements are generally the same and there are concerns that the process may still not be simple enough in a number of cases. In the case of Finland, for example, this has been addressed through the use of so-called coordination projects i.e. the LAG itself collects small scale projects together (for a maximum amount of public support of EUR 150,000).

RDP-based schemes are generally perceived as having made some progress towards simplifying the development of small-scale projects, yet a number of drawbacks are also evident. The process may still be too complicated for small-scale beneficiaries, not least because the reimbursement process can be protracted and considered too much trouble for a relatively small amount of money. More significantly, legal responsibility for the project delivery remains at LAG level, which has human resource implications in that these projects often require relatively more administration than ordinary Leader projects. Furthermore, under this arrangement the beneficiaries do not learn the project administration tasks that would be helpful if they were to go on to apply for larger projects in the future. Some of the LAGs are also clearly concerned about taking on responsibility for co-ordination projects, and there has been some discussion about the need to make the administrative requirements for small projects even simpler.

In the case of small project-based schemes, the main objective is again to facilitate access to the programme for local people and local organisations, for particular sectors (e.g. tourism in the UK) or groups (e.g. young people in Sweden). The evidence suggests that such schemes have been well received, perceived as being both simpler and faster than the normal project process.

In **Sweden** the intention is to enable small-scale projects to start without having the burden of the ordinary set of rules and regulations that could be inhibiting through the development of so-called umbrella projects. The way these are implemented in Sweden varies considerably from LAG to LAG, but mainly involves young people or small community groups. Furthermore, the MA has encouraged LAGs to restrict projects to a maximum of around €3000.

The idea of these umbrella projects is that the LAG is responsible for all the tasks (receipt of application, selection, approval and payment), as well as taking full responsibility in relation to the MA and PA whose roles are the same as for an ordinary project. In terms of the application documentation it is considerably easier than for normal projects, although it does vary between LAGs. In most cases, beneficiaries are only required to hand in their receipts, the documented time they have spent working on the project, and a very simple end of project report.

3.5.3 What has worked well, and innovative suggestions for the Future

Reconciliation of mainstreaming and the 'Leader approach'

The earlier review of key issues relating to the operation of Leader in the current programming period has revealed a major and widely recognised concern. It relates to the challenge of retaining the key features and benefits of the Leader approach while simultaneously realising its mainstreaming in the EU Rural Development policy. What is widely felt to be at risk are two principles at the heart of the previous periods of support for Leader – namely a capacity to foster really innovative projects and local programmes, and the capacity to promote the local or territorial integration of what might otherwise be disparate and separate projects.

In this respect, the conclusions of the case studies together with the Leader Focus Groups – and supported by the views expressed by the TWG4 members- were the following.

- (i) LAGs should have more autonomy in the implementation of their local development strategy as well as being endowed with the necessary resources and capacity to perform all essential implementation tasks including development, management and control functions.

Instrumental to this objective, two crucial aspects have to be addressed:

- a) an improved and strengthened coordination between actors at all levels (EU, national, local) and;
- b) a clear definition of responsibilities and tasks between the different implementing bodies (MA, PA, LAGs).

The 'different approach' that Leader represents should be cultivated at all levels (EU, MA, PA, LAGs) as currently some MAs and many PAs do not seem to understand or appreciate it. Interaction and learning (cooperation and knowledge building) between all managing levels and appropriate capacity building should be made a priority. EU funding could be considered to cover additional training actions for programme implementation bodies involved under technical assistance – but only for a start-up period.

As some examples show, positive partnership among implementing bodies, or the establishment of networking structures to support coordination can make a difference towards integrated territorial development.

The experience of a LAG from Lower **Austria** has a long tradition of partnership with the federal state government office. The experience confirms the benefits of networking*.

Among the working routine established in the LAGs the following examples were highlighted:

- Within the implementation of innovative actions in the field of tourism, the LAGs always consult the federal state department in charge before the submission of a developed project application.
- Mainstreaming is addressed by providing funding assistance to farmers with the view of safeguarding the area's cultural landscape. It is the federal state department in charge of the relevant measure funding to address farmers asking for support to the LAG management for assistance.
- Local actors approaching the LAG with their new project ideas, obtain development support. In cases where the development of the project appears complex and require a broader set of expertise, consultation and coordination is undertaken between the project promoter, the LAG management office and the regional management. In this case the financing of the project –if addressing the objectives of the LDS- can be arranged in the best way possible by being split into modules and drawing from different federal state departments' budget. This includes also allowing funding from different programmes.

This sort of partnership is proven to produce good results also in respect to other needs such for instance, the interpretation of eligibility of actions under certain measures.

** Regional Management offices exist throughout Austria. Federal states established them to promote the economic development of structurally weak regions. Their organisational form, mission and specific tasks vary among federal states. In Lower Austria this functions include –among others- advice concerning and receiving of applications for RDP funding.*

Close co-operation and a good flow of information between the MA, PA and LAGs are recognised as essential. Good practice –as illustrated by the finding of Focus Group 1- appears to involve the appointment of one of the MA experts as a contact person for each of the LAGs, and the holding of regular meetings between the programme authorities and LAG managers.

In this respect the creation of formal/informal LAG networks can make a significant contribution. In the case of Spain (Catalonia) for example, the intervention of the Leader groups are supported and promoted by ARCA, the regional Leader network which has strengthened its functions in relation to the previous period and is supported and oriented in its activities by the regional authorities. ARCA has been set up in Catalonia with an overall coordinating function of the new Local Action Groups and their activities. The aims of the network are to promote and support interventions and projects that facilitate integrated rural development in rural areas and to improve the achievement of LAGs' objectives through technical assistance.

Irrespective of the Leader implementation model employed, it is important to ensure that LAGs are aware of all the applications that have been approved by the MA and the value of any sums paid out. Even where the control task is not delegated, it appears to be good practice, for example, to inform the LAG about the control results and to engage their staff in any checks that may be undertaken. Results from the focus group suggests that, with few exceptions, regular meetings are indeed being organised between the various implementation bodies of MS, helping to ensure the flow of information exchange between those involved. The National Rural Network can often have a major role in facilitating this exchange of information and providing the ground for common solutions (examples in this respect were reported, for instance, in IT and DK).

Regarding clear definition of roles, it is recognised that the different tasks which have to be carried out when Leader is implemented should be clearly spelt out and MS should define clear responsibilities for all of them. This has been also reinforced by the revised DG AGRI guidelines on the application of the Leader axis.⁶⁰ The guidelines aim at ensuring transparency in decision making and avoid any potential conflict of interest. Furthermore, this should be realised at the very early stage of the policy implementation period and not after the Leader groups are set up (as highlighted in the Danish case study).

This issue can be addressed at different institutional level for example by:

- a. defining minimum tasks for LAGs in the EU regulations;
- b. improving the EC guidelines for the implementation of Leader by specifying/suggesting the division of roles or;
- c. at national level, formally agreeing at an early stage on the exact tasks of MA, PA and LAGs.

In this respect, some experiences arise from the case studies providing examples of formal demarcation of roles between implementing bodies assuming similar forms as in the cases, for instance, of Denmark and Spain⁶¹.

- (ii) Where legally possible the LAGs should have sufficient autonomy to manage the financial envelope of their local development strategy including some flexibility in the provision of co-funding and in intervention rates.

The same *financing rules* as for the rest of the RDP are not suitable for the Leader approach. Additionally, as pointed out above, securing the private share of co-funding to match the EU support is not easy for LAGs especially -but not only- for the small ones.

⁶⁰ DG AGRI Guide for the application of the Leader axis of the rural development programmes 2007-2013 funded by the EAFRD, revised version of 25.03.2011.

⁶¹ In **Denmark**, a standard legal act (basis for the implementation of local strategies) informs the contract between the MA (DFIA) and the LAGs, and it applies for all the Leader groups. In **Catalonia** a model contract agreement is prepared by the MA and defines functions and operating modalities common for all Leader groups.

In this respect LAGs in the German case, among others, have strongly advocated for *regional rural budgets* grouping all sources of public funding, in order to increase the motivation of local actors and strengthen personal responsibility. In fact, there is a clear and significant benefit in being able to apply for support from 'joint-funding' schemes at the local level (i.e. 'one-stop shop'). Beneficiaries are not interested in the origin of funding. The programme administrators should facilitate simple access to various sources of funding for the beneficiaries. MS therefore should create possibilities to facilitate the access to various sources of funding at sub-regional level. However, the administrative/territorial level at which this principle should be applied up to may also be higher than local/sub-regional in certain circumstances. Of course 'joint funding' implies effective and close coordination among the EAFRD and the Structural Funds and the harmonisation of the respective regulatory frameworks.

Effective examples exist across the EU. One for all, the Integrated Local Development Companies established in Ireland. Their case is interesting not only because the strategic approach taken towards addressing the needs of rural areas, but also as evidence of the considerable effort needed to realise it. Another example is provided by the LAGs in Tyrol (Austria). Here LAGs act as also as regional management offices and co-ordinate –beyond Leader- also territorial development programme implementation under ERDF (and ESF).

It has been suggested that a more intense coordination between the various measures of the RDP and other EU policies could result from a thorough application of territorial targeting.

Rules which have to be followed to obtain the national *co-funding* have currently often the effect of increasing the overall administrative burden and reducing innovation. This is due to an additional set of eligibility criteria for the national funding and also more administrative bodies being involved, resulting in a lowest common denominator approach to project selection. Changes to the rules should address the foregoing and also facilitate more private co-financing, while maintaining the national responsibilities for co-financing. The latter would also address problems in the provision of necessary national co-funding evident in some MS.

Some practical solutions implemented by MS and taken into account by the revised DG AGRI guide include:

- establishing national/regional and/or local funds to ensure that beneficiaries can obtain public co-funding at the same time as EAFRD support;
- allowing Leader projects to be co-financed by private funding without national public co-funding (given the parlous state of public finances in many MS) and;
- using a joint application form for both EU and national co-funding.

With respect to the *running costs* of LAGs, it has been suggested that the 20% ceiling should be related only to those minimum LAG functions which are established at the EU level. The DG AGRI Leader guide specifies that running costs include the staffing and the

administration costs of the LAGs. In this case derogation can be envisaged when additional tasks -such as payment authorisation, payment and financial controls- have been delegated to a LAG by the MS concerned. In this respect, there appears to be some margin for providing more clarification in the guide.

- (iii) There should be specific eligibility and control rules and simpler procedures under RDPs (axis 4) that enable a stronger respect for Leader principles - particularly in relation to clearly innovative projects that are small scale or else complex and integrated.

It is clear that the mainstreaming of Leader implies a need to recognise and respond to the additional risk that usually accompanies innovation. At present the scope for giving financial aid is limited to a closed catalogue of measures with clear eligibility rules which may often not be relevant for the more complex Leader approach. In strictly economic terms many innovative projects may not appear to be economically sustainable yet project officers at the LAG level may identify them as important in enabling development at the local level. They might reasonably consider that it is worth taking this risk and accepting the possibility of failure.

In this respect the threat of the 3% error threshold for the trigger of sanctions is widely considered not appropriate, being perceived as stifling innovation by decreasing LAGs propensity to take risk. In fact, the 'error rate' is determined by whether the beneficiary has carried out the project in accordance with the rules and is not related to the 'success' or failure' of the project. Essentially, once a project is approved, the support is paying for inputs (certain things to be done) and not for a guaranteed outcome.

One way of supporting this approach at the EU level is to acknowledge that the criteria for assessing risk, and sanctioning failure within prospective innovative Leader projects should be proportionate and reflect the size and type (as regards innovation) of projects. This would help encourage project promoters at the LAG level to support such projects when they might otherwise be reticent to do so. In a pragmatic way, for example, it can be suggested to establish simplified and differentiated control systems according to the size and the type (e.g. innovative projects) of operations. Based on practical solution applied already in some MS, this is the same suggestion raised in section 3.3.3 (Implementation procedures) and thus being worth of consideration for the whole of EAFRD axes and measures.

As per the implementation of integrated LDS, evidences for the work undertaken show that some LAGs clearly lack the capacity/experience to develop projects that cross or combine measures. In fact, from a capacity-building perspective, further support and guidance could be given to LAGs by the relevant MA or via the national rural networks.

There is evidence of few integrated initiatives and cross sector working is actually discouraged by the measure-by-measure delivery approach previously highlighted. The integration of a number of funding programmes has however considerable potential. Joint funding from several EU funds reduces administrative costs at local level and for beneficiaries. It also increases synergies and the overall impact of Leader. Furthermore the

beneficiary does not have to worry where the funding comes from, but only about how to access support.

Increasing the effectiveness of the LAGs

Specific suggestions to improve the effectiveness of LAGs include the following:

- *The staffing of LAGs.* The prevalence of small LAG teams requires further consideration as LAGs are meant to be local structures with the capacity to perform many of the tasks required for the implementation of their local development strategy (including project assessment, animation, administration and, often, financial control as well). Depending on what is expected of them, the question of critical mass in the staff complement arises, and there is a general sense in the case studies that much more could often be achieved if staffing were really adequate. It is not just a matter of numbers. There is also a need for adequate and appropriate training. There are many examples of training manuals and guides but many of these appear to be ad hoc responses to needs as they arise rather than a specific strategy for capacity building.
- *Running costs.* It is argued in the national reports that the 20% running cost ceiling is often insufficient in the case of LAGs with a control task, or more generally operating under the 'third model' (as described in section 3.5.1). Similarly the lack of possibility for some LAGs to receive an advance payment for their running costs can be a serious constraint and it is suggested that this too should be addressed.
- *The level of bureaucracy.* Bureaucracy and red tape is considered extremely onerous especially with regard to project claims. Requirements for small projects should not be the same as for large and complex ones. LAG staff are often unable to work in depth with applicants and local communities as so much of their time is spent in form filling.
- *A climate of trust* between the LAGs, MA and PA is recognised to very important as far as the effectiveness of the LAGs is concerned. The evidence suggests that if a positive and trusting relationship exists then the LAGs are more able to play the critical roles of choosing projects and ensuring that funding is properly tied in with the local strategy. For many projects, an element of pre-financing is helpful and managing authorities should be encouraged to trust the LAGs' judgement in this regard even if much of the financial risk remains theirs.
- More generally, it is suggested that the ability and readiness of the LAGs to champion the core characteristics of the Leader approach, especially in relation to fostering and supporting cross-sectoral projects, risky projects and capacity building be kept constantly under review.
- The obligation to *monitor and evaluate the local development strategy*, which is not always required, will allow the LAGs to measure the performance of the LAGs and the results obtained.

3.6 Coordination of policies

This section deals with coordination between EAFRD and other EU funds. The EU legal framework for 2007-2013 programming period does not provide specific prescriptions on how to ensure consistency and coordination among different funds in practice.

Article 5 of Council Regulation (EC) N° 1698/2005 establishes that the support provided by the EAFRD shall complement national, regional and local actions contributing to the Community's priorities. In practical terms this means that consistency between the actions supported by the EAFRD and other Community's support instruments should be ensured both in the programming and implementation phases. Furthermore, Article 16(h) of the same regulation requires that RDPs articulate this principle by showing the provisions for ensuring complementarity with the measures financed by the other Common Agricultural Policy instruments and the other EU policies, in particular cohesion policy and the support instrument to fisheries.

In this context, coordination is pursued through ensuring *complementarity* among and *demarcation* between different funds.

Complementarity can be defined as the creation of synergies between two or more funds as applied to a particular territory or field of action, allowing needs to be addressed more comprehensively by MS. The development of rural areas and their infrastructure, for example, may depend on support systems that are wider than those supported by the RDP measures, and for this reason the combination of different funds' provisions can help to meet the needs of specific territories.

Demarcation implies the creation of clear separation lines between EAFRD and other EU financial instruments and it must be ensured by MS in designing the programmes for different EU funds. Demarcation prevents the possibilities a single project receives financial support from two or more EU funds for the same investment or actions implemented. This principle is based on the strict EU requirement that double funding must be avoided.

In this respect demarcation criteria for EAFRD measures which target operations possibly eligible under other Community support instruments also have to be provided.

At the strategic level, Member States and regional authorities in charge of managing the RDPs should ensure the coordination both at national and regional level, with programmes financed by other funds (external coherence)⁶².

The EU framework establishes only generic provisions with regard to coordination between policies. The responsibility for ensuring coordination has been left to the MS. This situation is a partial consequence of the attempt to simplify planning and management of the EU funds, in comparison to the previous programming period (2000-2006). The "one fund, one programme" principle was the main driver in the establishment of the rules for 2007-2013

⁶² At national level MS have to ensure also the internal coherence, namely the consistency of measures implementation rules and single projects to the main objectives of the RDP and the NSP. This topic is also analysed in the strategic and programming sections (3.1 and 3.2) of this report.

period. On one hand this principle led to an effective simplification of different EU support instruments creating different implementation set up for different financial instruments. On the other hand it has caused a lack of coordination in the programming and implementation phases of funds. The structural funds programmes were designed separately from EAFRD and this separation has continued in the majority of MS also in the implementation phase.

The focus regarding this topic is on assessing:

- what are the institutional levels where coordination takes place and the procedures put in place to ensure it;
- if synergies between different interventions and funding sources (including the first pillar of the CAP) have been sought and how they can be improved.

3.6.1 Who does what

In all the countries/regions analysed, an attempt to ensure coordination among public funded policies has been put in place through more or less formal structures and procedures. Coordination procedures are usually described in detail in the RDPs, as required by the EC, and/or in separate documents which address specific demarcation issues (e.g. DK, IT, PL).

It should be noted that in all the case studies (with few exceptions such as DK) the way in which coordination between funds has been perceived and addressed relates mostly to demarcation. This means that efforts were primarily made to define boundaries between policies and areas of application of single funds, avoid double financing of interventions and overlapping. On the other hand the need to ensure complementarity and create synergies between different financial instruments has not always been addressed adequately.

Coordination procedures were generally designed at a late stage. Only few cases of coordination procedures starting during the strategic planning phase are reported, mainly in those MS with comprehensive and cross-cutting development strategies (DK).

Coordination procedures are generally designed to take place at national level within the institutions involved in the implementation of different European and national funded programmes. The regional level always plays an important role in the analysed countries that have chosen a regional programming approach (IT-ER, DE-RP, ES-CAT), but regions and local authorities are also recognised to be important actors in some of the countries with a national – or *de facto* national - approach (FR, PL, AT, DK).

Coordination between EAFRD and other funds (SF, CF, EFF): mechanisms put in place and actors involved

In all the case study countries, formal coordination mechanisms have been put in place involving both national and regional level. More than half of them (AT, GR, PL, FR, EI, ES, DK) have created *specific bodies* with the aim of ensuring and improving the coordination process among different EU funds and between them and – usually - any other national and regional programmes/initiatives.

These bodies usually include representatives from the administrations involved in the implementation of different programmes, such as Ministries, regional and local authorities, and in some cases representatives of the economic and social partners (AT).

Most of the countries analysed (DE, GR, HU, LV, IT, PL, ES, DK) have used specific *coordination procedures* among the Ministries involved in the implementation of different programmes and between national and regional actors. This coordination can take the form of ministerial or inter-departmental committees or regular meetings involving different public administrations with the main aim of introducing some positive coordination mechanisms beside those specifically related to demarcation. However, the efficiency and scope of the coordination procedures varies widely as some MS have assigned greater importance to demarcation than to coordination.

In **Denmark** numerous mechanisms of coordination between public administrations have been set up and are operational, both at national and regional level. At national level, task forces were created between different ministries on the initial consultation process during the preparation of the strategy and the programme. Coordination meetings are regularly organised between the Ministries involved in EU co-financed programmes and national schemes, among the ministries engaged in the design and implementation of the "green" measures, and between the Food Industry Agency and the Ministries of economy and agriculture in order to settle possible demarcation issues. A regional forum has been set up between the Ministry of Food, Agriculture and Fisheries and the regions to analyse, discuss and coordinate all possible issues rising from implementation of different programmes. The forum meets twice a year and representatives of other ministries are invited to participate in order to make the coordination effort as effective as possible.

At regional level coordination is ensured by requiring that a member of the Growth forum – established in each of the five Danish regions – is also a member of the Executive Committee of each LAG.

Demarcation between the two pillars of the CAP has been addressed considering in an integrated way area payments in Pillar 2 (axis 2 measures) and direct payments in Pillar 1 and using than the same application and payment forms for both types of intervention.

This formal system set up in Denmark (supported also by several informal exchanges), even if is not considered satisfactory by all the actors involved, provides with some mechanisms that try to achieve a better level of coordination and complementarity between policies, without limiting the role of coordination to the simple respect of demarcation rules.

In all the countries examined the consultations within the *Monitoring Committee* are considered a useful mechanism to facilitate the coordination of policies. Usually coordination is ensured by cross-fund participation in the MCs. In some countries (DE-RP, FR) an *ad hoc* multi-fund Monitoring Committee has been put in place with the participation of representatives of different MAs and regional authorities involved in the implementation of EARDF, EFF and structural funds programmes.

The role of the PAs with regard to coordination is principally limited to demarcation, involving specific controls for avoiding double financing and overlapping. In some cases (BG, DE-RP, GR) they play a more interactive role in the coordination process (e.g. contribute to simplify the controls procedures), also thanks to specific institutional arrangements. In some countries the PAs have been set up physically close to other administrative bodies involved in the implementation of the policies, as in DE-RP, where the PAs for axis 1 and Pillar 1 are in the same department. In other cases, such as Greece a single PA is responsible for Pillar 1 and 2 payments and for EFF payments, simplifying control procedures.

Finally *informal exchanges* between ministries and other administrations play an important role in enhancing coordination, as is the case in AT, IT, DK and IE.

Main tools used to enhance coordination

Specific demarcation rules were established in all the countries examined, both for ensuring demarcation between RDP and other EU funds and between RDP and Pillar 1 support. The demarcation criteria are considered the main instrument to avoid overlapping between different programmes and reduce the possibility of double-financing. They are based on varying different elements, such as typology of investments, typology of beneficiary, and territorial impact of the project (national, regional, local level).

In order to avoid double funding, projects are cross-checked in approximately half of the case study countries (BG, FR, GR, PL, DK). The cross-checks are usually done by PAs and they imply the control of projects financed by different financial instruments, both at national and European level, using data coming from different monitoring systems, as is the case in France⁶³. In Bulgaria the PA has the responsibility to check projects that can potentially receive double-financing before the approval. To enhance the efficiency of these controls, Bulgarian authorities plan to use, as soon as it becomes available also for the RDP⁶⁴, the Information System for Management and Monitoring set up within the Ministry of Finance. This system allows the applications that each potential or existing beneficiary has submitted to different funds to be checked, to reduce the risk of double-funding.

3.6.2 Assessment of difficulties, how these have been dealt with

Demarcation rules

In all the case studies, as already mentioned above, the coordination process has mainly consisted of focusing on demarcation issues rather than attempting to develop complementarity and increase synergies among different funds. The result of this approach has been the establishment of demarcation rules that in general work properly and serve, in many cases very efficiently, the purpose of avoiding double financing between different

⁶³ In France the multi-fund MC, which includes the MA and the PA, is responsible for "projects cross-check" and it makes use of the monitoring and management system of the OPs (PRESAGE) and the RDPs (OSIRIS).

⁶⁴ The system is already operational for OPs and other financial instruments but not yet for EAFRD.

instruments at European and national level. However in some countries, this focus on demarcation led to a complete separation between different support instruments, disregarding the need to enhance complementarity. Hungary and Poland can be taken as useful examples to describe this situation.

From a very early stage in the programming process, in Hungary, the intention was to draw a clear demarcation line between the RDP and the Operational Programmes implemented in the framework of Structural Funds. In order to avoid double funding as required by the EU, it was established that the Structural Funds mainly support urban areas.

In Poland, an initial attempt to establish a positive coordination process between RD and EU structural policies was made. The first step -before the definition of the single programmes- was the creation of the Polish National Strategic Reference Framework 2007-2013 (NSRF). The completion of this document required a great effort to reach consensus between the participants. Nevertheless, it was considered as an important step in the process towards the real integration of policies, without reducing it to a simple definition of demarcation rules. Following the definition of the NSRF a Coordination Committee (including representatives of the RDP MA and OPs MA) and Regional OP Monitoring Committees were set up. Working groups (representatives of the Ministry of Agriculture, Ministry of Regional Development and of the 16 regions) played an important role for coordination. The focus was on finding the synergies between different financial instruments and using them to improve the efficiency of their results. In this view, demarcation issues were considered as secondary and to be solved in the implementation stage. Nevertheless demarcation was seen as a crucial issue at European level, and for this reason the Polish MAs were asked to define clear demarcation lines between different financial instruments. In the national view, this contributed to narrow the fruitful debate that had been conducted , creating more separation than coordination between EU policies (with the EAFRD seen as the support instrument for rural areas, while the regional policies as the main support for urban areas), and increasing also the administrative costs.

The rigid divisions created by the demarcation rules in some of the countries examined, as well as the establishment of separate policy delivery mechanisms for different programmes at national and/or regional level, have generated difficulties and increased administrative burden for the beneficiaries. Specifically it is usually left to beneficiaries to discover which elements of projects can be financed by which EU fund. The implementation of such multi-fund projects often depends on the quality of coordination by national and regional authorities. Furthermore, beneficiaries are often required to submit several application forms, each following different rules. This increases the administrative costs and frustration with the system. In some countries (e.g. AT) separate applications need to be submitted also for actions covered by the same RDP measure, which fall under the responsibility of different implementation bodies.

Coordination and demarcation between the two CAP pillars: specific issues

In two thirds of the case studies, specific problems of coordination have been identified between EAFRD and the financial support established under pillar 1 of the CAP, in particular in relation to Article 68 of Council Regulation (EC) N° 73/2009, which establishes common rules on direct support schemes for farmers under the CAP. The main problem is that some investment options envisaged by Article 68(1a), such as support to specific types of farming important for the protection or enhancement of the environment or the support to improve the quality of agricultural products, together with the introduction of area based support measures in pillar 2, can create possible overlaps between the two pillars of the CAP.

However, Article 68(6) of the same Regulation requires that the support provided under Article 68(1) must be consistent with other Community policies and measures (e.g. other support schemes or state aid). The MS are required to ensure consistency and to communicate their Article 68 support to the Commission.

Article 68 further requires the RDPs to specify the rules adopted to avoid double financing or overlapping between different financial instruments.

These difficulties have been addressed in all the countries examined by establishing specific demarcation rules with the main aim of improving coordination of different interventions within the CAP (pillar 1 and pillar 2). In some cases specific bodies/authorities in charge of verifying demarcation have been set up (GR, FR, DE, ES, PL, DK, IE) and in other cases an attempt to facilitate the coordination between administrations and PAs has been chosen as a useful method to improve control (BG, DE, GR).

In Italy the demarcation between the RDP as modified by the Health Check and the reformed CMOs (particularly fruit and vegetables and wine) has been acknowledged as an important issue in the attempt to improve coordination. In fact the two instruments can potentially finance the same type of interventions with the same eligible expenditure, even if the financial contributions as well as the general management and organisations are completely different. Italy decided to establish general demarcation rules at national level to be specified then at regional level, to allow producers to benefit from either one or the other support instruments. At national level, the MA has developed guidelines with the aim of providing the regions with a reference framework and suggesting common demarcation rules both for investments and agri-environmental measures. In particular for the latter, a national document indicates maximum or flat-rate payments in accordance with those established by the regulations. At regional level, demarcation criteria may vary, as it is established by the regions. They may take into account the typology of investments, level of expenditure, type of beneficiaries, or a combination of these. In IT-ER, the demarcation criterion is the typology of investment.

In Greece the "Special Authority for Coordination and Implementation of Horizontal RD policies" has been set up within the MRDF and its role is to examine the projects that can be potentially eligible under both support instruments. In case of Greece the establishment of a single PA for both Pillar 1 and 2 payments has contributed to improve the coordination.

Lack of communication between sectoral administrations

Even though formal coordination mechanisms have been set up in most of the case study countries, general lack of communication between administrations dealing with different funds and the inadequacy of the coordination procedures put in place (BG, GR), with few exceptions such as Denmark was highlighted as a special issue related to coordination. In other cases, (FR, AT), a tendency to solve coordination issues at regional level according to a case by case approach was observed

Absence or weakness of national strategic framework for developing rural areas

In several case studies the presence of a formal coordinating body or informal coordination procedures has been found to realise coordination effectively and solve the problems as they arise in a particular context and time. However, the coordination procedures/bodies (described in the previous paragraph), set up in many countries, have contributed to enhance complementarity less than expected. This poor functioning of the system, particularly in relation to the creation of synergies, is caused in many cases by a serious lack of communication between different authorities. Nevertheless, in some countries (e.g. GR, HU, PL) it can be also considered the result of the absence of a comprehensive strategic framework at national level, which takes account of different aspects of the development of rural areas and not only those specifically related to agriculture. In practice, the lack of a comprehensive national strategy may compromise the efficiency of the coordination mechanisms, which end up in a mere application of the demarcation rules. Consequently the possibility to create synergies between different support schemes in the same territory is lost.

In Greece, for example, a "National Coordination Authority" was set up by law in 2007. It includes representatives of the Ministries responsible for the implementation of the Operational Programmes and the RDP. Its main responsibility has been the examination of complementarity, synergy and demarcation issues rising from the implementation of the two NSPs (structural funds and EAFRD), and it is assisted on this by a Coordination Committee. In spite of this effort to put in place an *ad hoc* structure to ensure coordination, a serious lack of synergies between different programmes has been reported, due to the fact that the programmes' design process was carried out completely separately by the different responsible MAs. Different strategies established for different programmes were not harmonised, and this was also the consequence of a lack of common strategic provisions previously established a national level.

3.6.3 What has worked well, innovative suggestions for the future

As already pointed out, several means have been identified to effectively address coordination/demarcation issues, particularly those related to the support provided by the first and the second pillar of the CAP.

Joint Monitoring Committees

The creation of Joint Monitoring Committee, including representatives of other funds' MAs, or the cross-representation of MAs in other funds' Monitoring Committees has been indicated as useful practices to promote coordination.

Creation of coordination systems and better territorial targeting

Examples of efficient coordination systems have been reported (DK, DE-RP). In both these countries such coordination systems have been formalised with the creation of specific bodies/procedures for increasing coordination and a major effort has gone into improving communication and cooperation between the different elements of the public administrations, both at national and regional level.

The creation of a coordinating body or formal/informal coordination procedures can ensure that coordination work is actually undertaken. This approach can also help to solve coordination problems as soon as they are identified in specific contexts. In this view, the need of a clear definition of rural areas in its use for targeting purpose has been raised with emphasis⁶⁵, since coordination could take place effectively on a territorial basis. This can be realised through the promotion of a comprehensive strategy for rural areas at EU, national and regional level and the inclusion of rural priorities for the different support instruments.

The implementation of development programmes based on territorial approaches in some countries (ES, IE, DE-RP, FR) has favoured the coordination and integration between different policies. In Spain the national Law on Sustainable Development of the Countryside, approved in 2007, has established the definition of rural zones, at sub-regional level, for the implementation of rural development programmes, following an approach very similar to Leader. The rural zones have to prepare local development strategies based on a multisectoral and integrated approach, fostering coordination and better use of the resources available. The intersectoral character of the initiative envisages that the Ministry of Agriculture (the Agricultural Department at the regional level) will be in charge of coordinating the different source of financing available, and that coordination committees including all the sectoral policies meet regularly taking decision on the allocation of the financial resources for rural areas.

⁶⁵ TWG4 meeting on 14.04.2011.

Designation of comprehensive rural development strategies at national level

Comprehensive strategies at national level are considered useful as coordination mechanisms and in addressing problems. These strategies would ideally reflect a common strategic framework at European level, integrating rural and urban issues, agricultural development as well as environmental, economic and social themes.

In Denmark the introduction of the strategic approach to rural development programming facilitated a closer coordination between EAFRD measures and national schemes for rural development already implemented by the Ministry of agriculture. During the process of updating of the NSP as required by the new provisions deriving from the HC and the EERP, the national "*Green Growth Agreement: a vision for nature, climate and agriculture*" (GGA), which is a comprehensive strategy including the approaches of the different national schemes for rural development, was taken into consideration. The GGA influenced strongly the orientation of the new NSP, much more focused, after the modifications, on environmental issues. In fact the national strategy, which is also coherent with the priorities of Europe 2020, rather than the NSP, is seen as the main driver in the selection of the priorities for rural development. This approach, with clear objectives already set up at national level, together with the establishment of specific procedures for coordination (as explained in the first paragraph), has facilitated the complementarity between different policies, the enhancement of synergies between programmes as well as the establishment of positive cooperation environment among different administrations.

The Danish case is a useful example of how the establishment of specific objectives at national level can help improving coordination, but most of all complementarity.

A general suggestion for the improvement of the coordination of policies was to consider demarcation from the perspective of the policy coordination and not only as a watershed between different policies. It has been acknowledged that MA, left alone, cannot ensure effective coordination and a more tailored intervention -particularly in terms of establishment of more specific targets and objectives of the policies- at EU level is sought, to enforce complementarity and ensure an effective delivery of the RD policy. Furthermore it has been pointed out⁶⁶ that national authorities should invest more on designing comprehensive development strategies at national level. These strategies should take into consideration all aspects of development without creating an artificial division between rural and urban areas and between agriculture and other aspects of economic development in rural areas.

⁶⁶ As concluded in TWG4 meeting on 14.04.2011

3.7 Monitoring and evaluation

Monitoring and evaluation (M&E) have prominent roles in the EU rural development policy. The involved actors, required procedures, and deliverables are defined in Articles 77-87 of the RD Regulation.

According to the Article 80 of the Regulation, the joint M&E activities have been determined in the Common Monitoring and Evaluation Framework (CMEF). This is a set of tools established with a view to guide MS and EC on assessing progress towards objectives in respective areas of intervention and public spending through the Rural Development Programmes (RDPs). The CMEF is substantiated as a handbook including evaluation guidelines, guidance fiches and common indicators applied for the purposes of the RDPs' M&E.

The CMEF has been built upon a set of indicators with reference to the Article 80 of the RD Regulation. It consists of the list comprising common baseline, output, result and impact indicators.⁶⁷ They are applied to measuring the change caused by the interventions under the 2007-2013 RDPs. The special guidance document in form of a handbook was drafted by the EC in cooperation with the MS, in order to enable understanding and operationalization of the framework. This resulted in establishment of the EU-wide framework for M&E, describing specified activities of different administrative levels and institutional arrangements. Furthermore, some flexibility has been granted to the MS, who can specify additional indicators related to their RDPs.⁶⁸

The M&E framework is constituted by several elements, referring to:

- purposes of the assessment (monitoring – focusing on outputs/results, evaluation – focusing on impacts);
- periodicity (*on-going, ex-ante, mid-term, ex-post* evaluations);
- specific context of the evaluated objectives (thematic evaluations).

Besides the essential contribution to policy assessment, M&E is important also as a learning process for MS/regions on how to best address rural development issues with the help of available policy instruments.

In this report M&E have been analysed simultaneously. However, where possible, distinctions have been made to highlight the core focuses of both and relevant issues emerging from the case studies. In case of monitoring, attention is paid to tracking the on-going progress of RDP implementation and dealing with any issues as soon as they are acknowledged. It is based on the information gathered in the course of the RDP

⁶⁷ They have been listed in the Annex VIII of the Commission Regulation (EC) N° 1974/2006 of 15 December 2006.

⁶⁸ Article 81(2) of the Council Regulation (EC) N° 1698/2005.

implementation, which is principally expressed in quantified indicators. MS are obliged to set-up the RDP monitoring system.⁶⁹

Evaluation concentrates on objective assessments and judgements about the quality, efficiency and effectiveness of the RDPs implementation. The impact of the programmes with regard to the strategic guidelines stated in the Article 9 of the RD Regulation is also assessed.

Overall, the evaluation is organised by the MS or the EC. More specifically, Article 86(7) states that the on-going evaluation is organised at the initiative of the MA in cooperation with the EC. *Ex-ante*, *mid-term* and *ex-post* evaluations should be carried out by independent evaluators. MS are also obliged to provide necessary human and financial resources for performing evaluation.⁷⁰

The regulatory framework prescribes certain time limits for monitoring and evaluation. On-going evaluation is multi-annual as its goal is to improve the performance of the programme. In brief, relevant steps have to be undertaken by the MA for delivering the following on-going evaluation products to the EC:⁷¹

- Annual progress report and progress indicators have to be submitted by the MA to the EC by the 30th June each year. It comprises information on the RDP progress and any changes that could have an impact on the implementation. The assessment of progress relates to the objectives set (output and result indicators) as well as financial implementation for each measure.
- *Mid-term* and *ex-post* evaluations are both intended to examine the degree of the utilisation of resources, effectiveness and efficiency of the EAFRD programming. Moreover, socio-economic impacts and impacts of the EAFRD on the Community priorities are analysed. The goals of the programme are confronted with the lessons concerning rural development policy. The *mid-term* evaluation was already conducted in 2010, whereas the *ex-post* is expected to be delivered in 2015.

Additionally, the EC is responsible for the synthesis of the *mid-term* evaluations and the synthesis of the *ex-post* evaluations. For these purposes, MS (MAs) should cooperate with EC by means of gathering the data needed.⁷²

The Rural Development legislation prescribes the involvement of a number of actors in the M&E process.

⁶⁹ Article 84 of the Council Regulation (EC) N° 1698/2005.

⁷⁰ Article 84 of the Council Regulation (EC) N° 1698/2005.

⁷¹ Article 82-86 of the Council Regulation (EC) N° 1698/2005.

⁷² Article 87 of the Council Regulation (EC) N° 1698/2005.

Table No 13 – M&E: division of tasks among main institutional actors

Institutional Actor	Tasks in relation with M&E upon the Council Regulation (EC) N° 1698/2005
Managing Authority (MA)	<ul style="list-style-type: none"> - Ensuring overall M&E - Ensuring IT system for recording and maintaining statistical information on RDP implementation - Conducting RDP evaluations in the time limits given - Submitting evaluations to national authorities and EC - Together with the MC carrying out RDP monitoring by means of financial, output and result indicators - Leading MC - Providing MC with specific documentation
Monitoring Committee (MC)	<ul style="list-style-type: none"> - Reviewing periodically the progress made towards achieving specific targets of the RDP - Examining the results of implementation, particularly with respect to targets set for each axis and on-going evaluations - Considering and approving the annual progress report and the last progress report before submission to the EC - Proposing adjustments or reviews of the RDP - Considering and approving amendments stemming from the EC
European Commission (EC)	<ul style="list-style-type: none"> - Laying down the basic legal framework governing M&E - Participating in the MC work as advisor - Examining periodical evaluations and giving feedback to the MA - Providing training, exchanges of best practice and information for evaluators, experts in MS and MC members - Dealing with thematic and summary evaluations

3.7.1 Who does what

Actors involved in M&E and their tasks

In general, the tasks performed by the actors involved in M&E process do not vary significantly from those laid down in the EAFRD legislation. However, detailed institutional settings are different, according to the context of the particular MS/region. Besides the actors indicated by the RD Regulation, following ones appeared significant in the M&E in the MS/regions observed: PA, independent evaluators, statistical and research institutions, working groups, NRNs and other networks.

In all of the analysed MS/regions the MA is the principal coordinator of the overall M&E process. In terms of legal liability, it is the main responsible for activating M&E procedures that drive the overall process at the MS/regional levels. The MA is obliged to deliver the following products of the on-going evaluation to the EC: annual and last progress reports as well as mid-term and ex-post evaluations. Besides organising and supervising M&E process, MA performs practically monitoring and on-going in-house evaluation. Parts of these tasks are also outsourced to other actors.

The practice of outsourcing or concentrating M&E tasks within the MA differs across the cases examined. The most common manner is devolving the tasks of handling monitoring data (collecting, storing, checking, processing, and aggregating) to the PA (PL, GR, DK, FR, HU, LV, IE, AT, BG). In some MS/regions collecting monitoring data has been also delegated to other institutional actors: statistical or research institutions (GR, HU, AT) and to external evaluators (in DK they collect overall impact indicators and information concerning baseline indicators). Where the tasks have been outsourced, MA usually performs processing and analyses basing on the data delivered by the external data providers. This particularly concerns adjusting data to the format required by the CMEF and for the purposes of the reports to be delivered to the EC. Two case studies revealed also an immediate involvement of the MA in collecting of the monitoring data (DE-RP, HU). Moreover, ensuring good performance of the multiple tasks may require further division of labour, thus designating special subordinated M&E units within the MAs (e.g. in PL, DE-RP, GR).

As introduced in the partnership section, the MA is also participating in and chairing the Monitoring Committee. This body's function, also envisages regular review and assessment of the progress of the programme implementation. The MC approves relevant progress reports and considers eventual amendments as well as discussing possible changes in the programme.

As noted in the case studies, the PA is an important actor of the overall monitoring process. However, the EAFRD legal basis does not prescribe its immediate involvement in the monitoring. It rather generally designates the tasks of collecting information to be available for the EC.⁷³ In practice however, data collected while handling applications, payments and controls of beneficiaries, is used for the monitoring purposes as well. Specifically, collecting of monitoring data at the stage of applications has been mentioned in Poland and Denmark. The case studies underlined also the role of PA in reporting to the MC (DK, PL) or EU institutions – DG AGRI and/or OLAF (PL, DE-RP, LV).

In several cases the PA has been divided into central and regional offices or supported by delegated bodies, e.g. in:

- PL: Monitoring tasks are shared between divisions of the PA situated at various levels of the territorial administration. They involve central, regional and county offices of this institution as well as additional administrative entities.
- HU: The PA has double structure consisting of regional offices and the central one. In this setting, regional offices are responsible for informing beneficiaries about the monitoring obligations and for storing data provided by beneficiaries, whereas headquarters of the PA collect, aggregate, check, process, analyse and deliver the relevant data to MA.

The EC receives information from the MS in the form of the Annual Progress Report and progress indicators. This information is used for monitoring the progress of the policy, estimating policy impacts and addressing improvements of the programming and policy performance. As observed in the case studies, the information exchange can take either a form of submission of data or reporting documents (e.g. annual progress report),

⁷³ Art. 6 of the Council Regulation (EC) N° 1290/2005.

participation of the EC representatives in the MC meetings, or bi-lateral meetings between EC and MA.

The RDP evaluations must be performed by independent evaluators. The evaluators are selected upon internal procedures (public tenders) organised by MA (IE, IT-ER, FR, PL). Depending on the case, the contractors selected for the evaluation purposes can be consortia build from multiple actors (e.g. in PL), single companies or public research institutions (e.g. in LV, DE-RP). In some cases there has been a continuity of the selected external evaluators for different phases of the evaluation (e.g. in LV, DE-RP), whereas in the others the contractors vary for each phase (e.g. in GR). Independent evaluators can be also employed for performing thematic evaluations (e.g. in BG).

Besides being invited for performing evaluations, statistical and research institutions are important sources of data and providers of tailor-made expertise. Their responsibilities include collecting data, performing analyses and/or offering expertise either within statutory tasks and/or upon request from the other actors involved (most common – MAs). This can be further applied for the M&E purposes and form a part of the CMEF data sources. The statistical and research institutions are usually public bodies and a number of them exist to fulfil the need for gathering statistical data on various fields of the economy (e.g. national statistical offices), while others deal only with the specific fields of statistics (here related with agriculture, e.g. FADN). Their roles have been highlighted for instance in the following cases:

- HU: The collection of horizontal indicators and statistical data specific to agriculture and rural development is carried out by the Hungarian Statistical Office and other institutions under supervision of the MA (Agricultural Research Institute; Central Agricultural Office; Rural Development, Educational and Advisory Institute).
- GR: Monitoring data is gathered by the Prefecture-level Directorates of Agriculture⁷⁴, FADN, Hellenic Statistical Service and research institutes within universities. It is checked and processed according to the structure of the RDP project Technical Sheets and entered into IT database, which is made available for the external evaluators.
- LV: This kind of institution (Latvian State Institute for Agrarian Economy) plays major role in the overall on-going evaluation.

The relevant expertise is also available from research institutions and can be used in multiple ways. Most commonly in the analysed cases of MS/regions, experts from the research institutions take part in the MCs, working groups (dealing with the topics of particular relevance for the M&E of the RDPs) and/or can be contracted to perform any of the cyclic evaluations (as the external evaluators, e.g. Institute for Rural Research in DE-RP).

Working groups are constructed upon needs and with reference to different stages of the M&E process and for particular purpose of ensuring coordination between the institutions dealing with managing M&E. Such groups have been created in several countries (PL, HU, GR, DE-RP). For instance in:

⁷⁴ From 2011 they will be replaced by the Regional Directorates.

- PL: One group focused on monitoring of the RDP and included officials from the MA and PA. In the course of their work, they decided which data must be collected by the PA with regard to the CMEF indicators and existing institutional capacities.
- GR: The Evaluation Steering Group, consisting of the MA and PA representatives has been devoted to multiple tasks. Its members shared responsibility for organising the overall evaluation process. They handled the issues of utilising monitoring data for the purpose of the CMEF, know-how exchanges and participation in the Evaluation Expert Committee as well as further specifications of the external evaluator's tasks and information tools.

In some case studies the role of National Rural Networks in the M&E process has been highlighted (DE, IE and IT-ER), whereas in others their specific contribution has been definitely excluded (in PL) or not revealed at all. Where applicable, NRNs support the overall process of M&E by organising and providing thematic expertise, which can complement and/or guide M&E efforts. For instance in:

- IT (ER): The NRN provides methodological support and specific contacts as well as facilitates exchanges, with a view to disseminate good practices and know-how. In Ireland, the NRN co-organised thematic seminar on measuring performance and impact of the Leader.
- DE (RP): The NRN's representatives participate in the meetings of the MC and provide advanced trainings to evaluators.

Other networks and institutional actors are employed in some MS/regions to support the overall M&E process, by providing means of coordination and capacity building for the subjects involved. Capacity building is one of the main tasks of the European Evaluation Network for Rural Development (also known as Evaluation Experts Network - EEN). Its contribution has been highlighted in the IE case study. In this MS the results of EEN work concerning methodologies on evaluating Leader and quality of life are considered to be reflected in the M&E activities. Apart from that, there are meetings organised regularly at the EU-level, where representatives of the core actors involved in the M&E and experts in the field can exchange experiences and know-how (Evaluation Expert Committee).

The learning process may be also supported by the academic experts and other specialists involved in the M&E. For instance, in Poland the MA officials participate in the "Academy of Evaluation" financed by the Ministry for Regional Development and organised by the EUROREG Institute (Warsaw University). Using this opportunity, they share experiences with the officials involved in the evaluation of the ERDF-funded programmes.

Additional institutional arrangements aiming at ensuring coordination between different actors and areas of intervention related with the EU-funding can be set-up within the M&E process. Most notably, in Germany the National Monitoring and Evaluation Network – Agrarian Structure and Rural Development Germany (MEN-D) has been established at the level of the Federal Ministry of Food, Agriculture and Consumer Protection (BMELV) and an office set to develop and support the network financed within the joint task "Improvement of Agricultural Structures and Coastal Protection" (GAK).

Germany

The MEN-D network is run by consulting agencies that were not contracted as evaluators in any RDPs. Key actors in the network are the BMELV, the evaluators of the 2007–2013 Rural Development Programmes, and regional programme and budget coordinators of the European Agricultural Fund for Rural Development (EAFRD) and Improvement of Agricultural Structures and Coastal Protection (GAK). The network aims to bundle regional evaluation activities at national level and assist in data follow-up collection. Furthermore it provides support in current monitoring and evaluation and aims to revise and, where possible, to simplify the current M&E system for measures in the field of fostering agrarian structure and rural development, funded by GAK and EAFRD.

Handling monitoring data

In the MS/regions studied, data for M&E have been organised in specific forms and collected and/or stored by different actors. In most of the cases, they are available to evaluators and EC in an aggregated form. Typically, they have been comprised in descriptive reports and excel sheets. The data providers (predominantly PAs) may also store raw data that can be eventually outsourced for the analytical purposes by other actors. However, the raw data sought is not always easily available. In most of the MS/regions the collection of monitoring data has been also decentralised: different administrative entities and levels are employed to collect, aggregate and process data. In some cases, the monitoring data is collected from the applications (e.g. in DK, GR). The role of the MA in handling data relates usually to adjusting them to the format required by the CMEF and for the purposes of reporting (e.g. evaluation reports).

The data transfer and processing also requires cooperation of different actors. Basically, transferring data takes place between the following actors involved: from PA to MA, from PA/MA to independent evaluator, and from PA/MA to the EC. However, the case studies report of various practices of doing so.

With a view on storing and aggregating data, MS/regions widely apply IT systems (esp. IACS). However the IT systems differ between institutions and thus are not always compatible (e.g. in PL). Moreover, manual forms of entering data are still present in some cases (e.g. HU, DE-RP).

A, systematic approach to handling monitoring data has been reported in Greece (see text box below).

Greece

Monitoring data on indicators is collected by several institutions. These include Prefecture-level Directorates of Agriculture (to be replaced by Regional Directorates during 2011) all over Greece, the FADN data-collection system, the Hellenic Statistical Service, and Universities/Research Institutes which have carried relevant research. This monitoring data is provided to the MA and is checked and processed according to the structure of the RDP projects Technical Sheets. Monitoring data is entered in the IISRDF (Integrated Information System for Rural Development and Fisheries). This output is released to the program external evaluator, which also takes into account other studies and information sources in order to produce evaluation report(s).

At the project level, the production of impact indicators is carried out in three stages;

1. several baseline, output and result indicators are gathered from the application files of successful applicants and technical sheets of projects;
2. data collection specific to the finalization of each project;
3. data collection two years after the completion of the project, so that the impacts of its operation are assessed. Currently, this stage is under elaboration.

The MA is planning to organize a data collection process on Stages 2 and (especially) 3, through a sampling of beneficiaries and an "impact" questionnaire. The outcome of the procedure described above will be communicated to the National Rural Network, with a view to exchange experiences and know-how and carry out improvements (if judged necessary).

In turn, the PA enters monitoring data (in the IISRDF) about periodical and (in the case of investment projects) final payments.

3.7.2 Assessment of difficulties, how these have been dealt with

As demonstrated in the case studies, monitoring and evaluation of the RDPs are perceived as rather complex tasks. Thus, a number of difficulties have occurred in the MS/regions concerned. Those pointed out the most often can be grouped as follows: (1) methods and techniques; (2) IT systems; (3) assessment of impacts, changing policy frameworks and multiple intervening factors; (4) relationships between actors and coordination mechanisms.

M&E methods and techniques

A big number of concerns focused on the methods and techniques of the M&E, especially on the design of the Common Monitoring and Evaluation Framework (CMEF). The issues appear within its application, both at the EU and MS/regional level.

In the case studies, the CMEF was perceived as rather complex and burdensome. In general, it seems difficult to operationalize and adapt the CMEF framework to the specificities of the MS/regions, while trying to retain comparability at EU level at the same time.

Methodological difficulties have been mostly linked with the design of indicators, whereas the technical ones referred to the way of collecting, aggregating and processing data for the purposes of the CMEF. In reality, definitions and formats applied differ highly amongst MS/regions examined. This results in information gaps and later problems with synthesising different data formats in the EU-wide framework. The following case studies pointed out on particular problems that MS/regions face with regard to methods and techniques of M&E:

- DE: Practical problems have been found in operationalization and measurability of the CMEF indicators. Some indicators appear not to be clearly quantifiable and designed without taking into account the regional standards of measuring existing in DE-RP. The list of indicators was not complete for some measures. Thus, the evaluator had to develop substitutes, in order to fill gaps in the information needed.
- PL: Information gaps, particularly linked to aggregating and making data available to evaluators, were reported. Even though the monitoring data had been provided to evaluators, their format did not fit evaluation purposes. The evaluators also reported confusions with the monitoring table formats, namely the use of cumulative data.
- GR: The main problems were missing data, especially for establishing baseline, and data quality. As the protocols for data collection are inconsistent, the data retrieved seem to be non-realistic.
- AT: Evaluators found issues with definition and quantification standards of indicators. Relevant background information for more complex and specific indicators has to be outsourced from the research activities performed by contracted bodies.⁷⁵

The methodological difficulties and differences across MS/regions, information gaps and, generating data from different sources influence the possibility for aggregating the results at MS level. These problems also increase the level of possible error.

IT systems

Several MS/regions (IT-ER, PL, IE, BG, DE-RP) reported problems regarding the IT system used for M&E. The identified failures lie mostly in entering and processing data, transferring them between PA and MA as well in high dependence of the M&E on the existing IT software (esp. IACS). For instance in:

- PL: The required data, which is often in an unsuitable format. requires encoding by specially qualified staff. This extends the time foreseen for the monitoring task. Also,

⁷⁵ The information retrieved for definitions concerned among others High Nature Value, Farm Bird Index, species and habitats, Natura 2000 sites, animal welfare, employment and prosperity, equal opportunities.

different IT systems are not compatible with each other (IACS, OFSA and Registry of Farms). Furthermore, the applications are still paper-based, meaning that data has to be typed manually by the staff dealing with processing applications.

- IE: Different IT systems are applied to single aid schemes under the RDP. This causes problems with the availability of data and an additional working effort is needed for collecting data required for the CMEF-indicators. Some concerns have been raised about the utility of the IT systems in terms of farm plans assessment. In the case of measure 214 (REPS) electronic system seems to serve the legal and audit mechanisms rather than assessment of the true environmental objectives.
- IT-ER: Discrepancies were noted in the functioning of the electronic systems at the regional and national levels. The collection of requests and benefits with the unified application system allows, in principle, managing all the information needed for the M&E. However, the scope of information at regional level is exceeding the needs for information at the national level. The two systems, national and regional, do not operate with the same modes and require special transmitting software.

Although the IT and advanced database systems are deemed to be very modern and efficient tools, their efficient application for the M&E purposes can be also hampered by the insufficient informatisation of the actors. This is for instance the case of:

- BG: Despite different perceptions about the issue, it appears that the IACS system -on which the entire database of the programme is based- is still not use at its full extent for the consultation of data. Procedures seem not to be streamlined and “old-fashion” working patterns (e.g. submitting written requests to the responsible body) still undertaken.
- PL: Lacking specialist knowledge and dependence on the IT-qualified staff has been noted.
- DE-RP: The software required to distil the monitoring indicators at the MA level is yet only partially operational, therefore the staff in charge has to calculate some indicators manually.

Assessment of impacts, changing policy framework and multiple intervening factors

Assessing impacts, in principle, deals with the effects of intervention in the medium and long terms. Unlike the results and outputs, impacts are highly difficult to quantify and analyse. Their visibility is limited, built upon analysis of the intervention logic and its causal chains, as well as constrained by the time. Within the CMEF, impact indicators that refer to benefits of the programme going beyond the immediate effects, and which are linked to the wider objectives of the programme, have been defined. The information provided by the CMEF indicators has been expressed in quantitative terms and implies measuring the expected changes in the areas of RDP intervention.

Nevertheless, as proven by the case studies, assessment of impacts tends to be limited by a number of factors, namely:

- strong focus on indicators and their quantification within the CMEF;
- attempts towards producing excessive information;
- instability of the indicators prescribed at the EU-level;
- "nature" of the Leader approach and mainstreaming in RDP;
- time constraints of implementation and evaluations.

One of the limitations of the CMEF is its predominant focus on quantitative measurement units, which reduces the scope of evaluations. In practice, it seems that the data collected would serve more control and audit purposes than assessing policy impacts. In other words, the focus on monitoring and reporting of measures' progress in quantitative terms becomes more important than achieving measure goals themselves.

Further issues concerned the CMEF indicators as leading to producing excessive information (e.g. in IT-ER, ES-CAT), while applying too big number of indicators prescribed at the EU-level. The enormous need for detailed information causes systematic overload and requires high capacities in terms of financing M&E, and allocating appropriate time and staff resources. At the same time, the definitions of several indicators seem to be insufficient to estimate impacts. For example, in Greece this has been particularly reported in relation with the economy-wide impacts and environmental effects, especially at the regional level. Estimation of such indicators appeared difficult.⁷⁶ There has also been a gap in information on baseline indicators and lack of relevant research reported. In contrast to baseline indicators, the additional ones were rather seen as useful tools.

The CMEF indicators given at the EU-level have been also criticised for being too unstable to ensure a certain continuance of interventions' assessment. Measuring the change and providing judgements (e.g. about trends or structures) is difficult when definitions of the indicators undergo frequent changes. Moreover, impacts are hard to assess with a view on multiple intervening factors (e.g. recent economic downturn). A related problem, caused by frequent programme modifications by the MS, is the difficulty in assessing impacts under , changing policy objectives, priorities and funding. This is for instance visible in the case study of Latvia, where the RDP has been significantly amended within last two years and changes concerned even objectives of the measures. The shifts in budgetary allocation caused the reorientation of the targets (so-called "moving targets") and thus obstacles for consistent evaluation. Similarly, in Ireland shifts have been made on targets to fit them better to the amended RDP and the CMEF.

Another difficulty has been identified in measuring impacts of the Leader approach, especially by using quantitative methods/techniques and within short-time periods.

⁷⁶ E.g. how to separate impacts of measures under 2000-2006 from those under 2007-2013 interventions.

Suitable timing of evaluations was seen as important for contributing to decision making and potential improvements in the policy performance. In this sense, the *ex-ante* and *mid-term* evaluations seem to fulfil the expectations. In contrast, the *ex-post* evaluations are delivered too late to contribute to the following programming (FR).

Relationships between actors and coordination mechanisms

Institutional settings of the M&E, that is, relationships between the actors involved in the process, can either boost or lower M&E performance. The case studies revealed institutional problems such as cooperation procedures between the MA and PA, delegation of tasks to subordinated units of the PA, applying coordination mechanisms and functioning of the MC.

Good cooperation and clear procedures (task division) between the MA and PA seem to be essential prerequisites for the performance of the M&E. However, as pointed out in a few case studies (HU, GR, LV, BG), sometimes they may be limited:

- HU: Difficulties have been found in the ambiguous interpretations of the responsibilities for data collection;
- GR: Problems were noted in lack of coordination of authorities involved in data collection, as well as cooperation between units within the MA.
- LV: Missing coordination has resulted in doubling the working input as both the PA and MA submit similar monitoring data to the EC.
- BG: coordination and communication problems between the PA and MA have been reported.

Apart from the relationships between the MA and PA, delegation of tasks and coordinating work of subordinated units can be troublesome for the M&E performance. In some MSs, the PAs are organised in a decentralised way, with regard to the territorial administrative structures of the respective countries. This is the case of Latvia, where the extensive decentralisation of the PA's administrative structures for the supervision of the beneficiaries and payments has been assessed as counterproductive.

Involvement of actors at different administrative levels requires also appropriate coordination mechanisms, staff and time resources. Some issues with respect to this have been found in:

- DE (RP): Bottlenecks were identified in coordination between the federal and state level and in staffing. Incompatible data entry forms among institutions, and the use of different definitions resulted in doubling their collection effort and need to employ more staff to process them.

- PL: Monitoring became more complex with an involvement of higher number of delegated institutions. The PA has to wait for the Marshall Offices⁷⁷ to include data into the system. The IT systems of the two institutions are not compatible with each other.
- GR: Lack of coordination exists among authorities involved in data collection and particularly within the different MA units.

The composition and role of the MC in M&E should not be underestimated. Its underlying foundation is to allow representatives of various actors involved in RDP implementation to have an insight into the implementation progress, to assess it and suggest any eventual changes. Though, factually these tasks are not always fulfilled as anticipated (see issues highlighted in section 3.4.2 on the partnership principle).

3.7.3 What has worked well, innovative suggestions for the future

Basing upon the case studies, particular good practices can be highlighted that benefit the M&E: (1) Applying evaluation to programming purposes, (2) continuous relationships between MA and external evaluators, (3) good relationships between MA and EC, (4) informal consultation process prior to the MC meetings, (5) exchanging M&E experience with other networks. The need for improvements has been stressed especially with regard to IT systems and the CMEF.

Applying evaluation to programming purposes

Attempts on using evaluation results for the programming purposes in some of the case studies are perceived as an important and good practice (i.e. GR, PL, HU, FR-HEX). For instance in Greece the results of the ex-ante, mid-term and on-going evaluations are applied in the programming. This has been also stressed in the Polish case where the focus was put on the *ex-ante* quantification of the CMEF indicators as helpful exercise for preparing the RDP and setting the programme's targets. In FR robust ex-ante evaluation was judged to be an interactive, efficient exercise and integrated with the RDP drafting process.

Continuous relationships between MA and external evaluators

Good relationships between the MA and external evaluators seems to improve the quality of the evaluation work. Notably, the continuance of the contract for performing evaluation tasks (for different types and phases of evaluation) is seen as beneficial for the overall process. This is i.e. the case of Bulgaria, where the MA concluded 3-year contract with an outsourced evaluator for carrying out activities during 2008-10, with a possibility of extension depending upon successful performance. A good practice is also inviting external evaluators to participate in the sessions of the MCs as observers/advisors. However, some problems have arisen in communication between the national and regional levels involved in evaluation in DE-RP, especially at the beginning of the period. It has been therefore

⁷⁷ Authorities of the territorial self-government at the NUTS 2 level.

suggested to improve them and introduce a better coordination mechanism at the national level (e.g. a nation-wide evaluation coordinator – see text box on MEN-D network above).

Good relationships between MA and EC

In several MS/regions good and efficient relationships of MAs with EC have been pointed out (LV, BG, IE, PL, DE-RP). The exchanges are both formal and informal. Particularly, DG AGRI's desk officers are present during the meetings of the MCs. Frequent contacts between the MS and the desk officers are seen positive.

Informal consultation process prior to the MC meetings

An informal consultation process prior to the MC meetings has been reported as beneficial in four case studies (PL, AT, DE-RP, IE). Particularly, in Austria there is also a use made of new technologies: the exchanges between the MC members are facilitated via website with restricted access.

Exchanging M&E experience with other networks

Some MS/regions engage in capacity building, especially via exchanging M&E experience with other networks, which are not defined though the EAFRD legal documents. Taking into account other experiences (predominantly ERDF) is particularly beneficial in PL and GR. In Poland, there is tailor-made training for officials from the MAs responsible for the EAFRD- and ERDF-funding programmes. In Greece evaluation experiences from other programmes are taken into account in the specification of data needs for evaluation guidelines.

Improvements of IT systems

Some improvements were suggested with regard to the use of IT systems for collecting and processing monitoring data, such as:

- improving the templates used for collecting monitoring data (PL) and making them simpler to use in the application procedures;
- improving the functionality of the IT system for entering project data and ensure a more systematic use in the whole monitoring exercise (DK);
- coordinating the existing database for monitoring and evaluation;
- re-attributing, if necessary, responsibilities to the appropriate body (in GR, for example, from the PA to the MA).

Improvements in the CMEF

Further recommendations concerned monitoring system and defining indicators (especially in HU and GR). There was a suggestion to review the quality and consistency of the monitoring data collected and to extend the number of institutions providing monitoring data (HU). To achieve this, there is a need to allocate more resources to M&E. Likewise, in Greece it has been underlined that basic monitoring data could be collected with a long-term perspective. It was also proposed to link the CMEF indicators with more clearly defined and prioritised objectives, as well as to monitor the policy impacts more closely (HU). The appropriate measuring of the indicators should be also more reflected.

3.8 Control systems

During the current programming period (2007-2013) the following regulations inform the procedures for controls established at the EU level:

- Council Regulation (EC) N° 1698/2005 on support for rural development by EAFRD and the related implementing Regulation (EC) N° 1974/2006;
- Council Regulation (EC) N° 1290/2005 on the financing of the common agricultural policy;
- Commission Regulation (EC) N° 1975/2006 on the implementation of control procedures as well as cross-compliance (detailed rules for the implementation of Regulation N° 1698/2005); recast by Commission Regulation (EU) N° 65/2011.

Articles 73 to 75 of the Council Regulation (EC) N° 1698/2005 set out the main responsibilities of the Commission, Member States Managing Authorities and Paying Agencies with regard to management and control. According to Article 74, the MSs should adopt legislative, statutory and administrative provisions in order to ensure the Community's financial interests are effectively protected. For this purpose, Member States shall designate, for each rural development programme the Managing Authority, the accredited Paying Agency and the Certifying Body, and ensure a clear allocation and separation of functions between the Managing Authority and other bodies. The main tasks of the Managing Authority (as set out in the same Regulation), as well as those of the paying agency and certification body (as set out in Articles 6 and 7 of Council Regulation (EC) N° 1290/2005 respectively) are summarised in Table 5 (see section 3.3). If the MS has several paying agencies, the regulations require the assignment of a coordinating body.

Council Regulation (EC) N° 1290/2005 conferred the Paying Agencies with the responsibilities for payments and related controls. In the preamble section it clearly sets out that PAs accredited by the Member States are the only bodies that can ensure the necessary controls are performed before the Community support is granted to beneficiaries. It also underlines that if the PA fails to ensure that the legality and the correctness of declarations of expenditures have been verified, the Commission will not be able to process such expenditure so to grant the reimbursement from the EAFRD.

In line with Article 6(1) of Council Regulation (EC) N° 1290/2005, the PAs are the departments or bodies that provide sufficient guarantees in respect of payments made by them and as regards communicating and keeping information. In relation to controls, the most important responsibilities of the PA are: (1) checking the eligibility of applications the procedure for allocating aid, and the subsequent payment claims, as well as their compliance with Community rules and; (2) making sure that the checks laid down by Community legislation are made. PAs may delegate control tasks to other bodies but they cannot delegate the payments to beneficiaries.

Commission Regulation (EC) N° 1975/2006 sets out the detailed rules with regard to the implementation of control procedures as well as cross-compliance in respect of rural development support measures:

- Title I covers rural development support for certain measures under axis 2 and axis 4. Controls in these cases include administrative checks (for applications and payment claims) and on-the-spot checks with respect to the eligibility criteria; and on-the-spot checks with respect to cross-compliance. Guidance on coverage and sampling is also provided
- Title II covers rural development support under axis 1 and axis 3 (and certain measures under axis 2 and axis 4). Similarly to Title I, the scope of administrative checks (with regard to applications and payment claims), on-the-spot checks (on approved operations) and ex-post checks (on investment operations) are described. Guidance on sampling is also provided.

As general principle, the Regulation clearly indicates that Member States, in performing controls on rural development measures, have to apply the integrated administrations and control system (IACS) which is demanded for under the first pillar of the CAP (Chapter 4 of Regulation (EC) N° 1782/2003). IACS are recognised to be an efficient and effective control instrument for the implementation of direct payment schemes; therefore control rules for rural development measures should follow the same principle. This is limited however, to area and animal-related measures under Axis 2 of the EAFRD.

3.8.1 Who does what

The main issues highlighted with regard to implementation of control procedures in the various case study countries are in line with the relevant EC regulations as specified above, namely:

- the responsibilities conferred upon the PA by the regulations had a direct impact on the institutional set-up and the division of responsibilities between the PA and MA in particular;
- the types of controls carried out in each Member State are in line with the requirements of Commission Regulation (EC) N° 1975/2006.

Responsibilities of various institutions: institutional set-up and implementation

As specified above, important responsibilities are conferred upon the PAs, which need to ensure that sufficient guarantees are provided in relation to the eligibility of requests, the procedure of allocating aid, as well as their compliance with Community rules. At the same time the MA has to ensure that the PA receives all necessary information, in particular on the procedures operated in relation to operations selected for funding, before payments are authorised. These provisions resulted in a situation where control functions are carried out directly (without delegation) by the PAs in most case study

countries. At the same time there are some variations amongst Member States in terms of:

1. The division of control tasks between the PA and MA.

Firstly, as specified above, in line with the relevant regulations of the current programming period, the PA became fully responsible with regard to payments and related control functions in almost all Member States. However, there are slight variations with regard to the division of tasks between the MA and PA. In most cases, the PA itself carries out most control tasks.

- In Hungary the PA carries out control activities (and some control tasks are delegated to LAGs and supervised by the local PA offices).
- In Poland the ARMA (PA) has the most important responsibilities in control.
- In France (although the PA has a central role in controlling) the MA also carries out some of the control tasks, such as administrative control.
- In Greece, the MA and other public bodies are responsible for the first-level control (i.e. controls on beneficiaries' application and payment claims), whereas the PA carries out second-level control (i.e. controls on the work of the MA and also on claims related to the payment of final instalments). At the same time, the Ministry of Rural Development and Food supervises the PA.
- In Germany-RP the on-the-spot (and ex-post) controls are carried out by an inspection service for all measures. The MA and the administrative bodies perform the administrative checks. The PA has overall supervision on the control procedures.
- In other countries the Managing Authorities are also involved at different stages of the control process.

The more limited operational role of the PA in Rhineland-Palatine may be explained by fact that the *Länder* PA is one of 14 decentralised PAs. It has also been a recommendation of the Commission (according to Council Regulation (EC) N° 1290/2005) that, according to each MS's constitutional provisions and institutional structure, the number of accredited PAs is kept to the minimum in order to ensure sound administrative and accounting practices with respect to public expenditures. Additionally, where more than one paying agency is accredited –a situation mostly concerning decentralised MS-, the Member State have to ensure appropriate coordination through a 'coordinating body' that is subject to specific accreditation⁷⁸.

2. The kind of mechanisms developed in order to coordinate the work of the PA and MA and ensure efficient information provision.

⁷⁸ See also footnote n. 27.

Secondly, the coordination and information provision mechanisms developed in the various Member States may also have an impact on how the working relationship of the MA and PA has evolved. The working relationship and share of responsibilities defined by the legislation for the 2007-2013 programming period can affect negatively (as in HU or BG, see following section) or positively the smooth cooperation between the two bodies. For instance, in Denmark the two institutions operate within the same organisation and have regular contacts. In Germany, the Federal-Länder working groups and the regular meetings of IACS desk officers ensured efficient communication.

3. Other institutions involved in the control tasks (i.e. have delegated functions).

Thirdly, in some of the case-study countries control functions have been delegated to other organisations than the MAs. For instance, in Denmark tasks have been outsourced to the Danish Plant Directorate, the Danish Veterinary and Food Administration, the Danish Agency for Governmental Management, chartered building surveyors, agricultural commissioners and consultants and private auditors. Similarly, in Greece specific ministry departments are responsible for controls of relevant measures.

Types of controls & support tools

In line with Commission Regulation (EC) N° 1975/2006 controls and checks are carried out at different stages of projects (starting from the applications, through implementation, and payments). The controls and checks consist of administrative checks (related to applications and payment claims), on-the-spot checks (for both area-related/animal related and for investment-type measures), and ex-post checks (carried out on investment operations). The case studies highlight different elements of the control systems and procedures. Generally, they all follow the specific requirements of the abovementioned Regulation. For instance, many case studies highlighted the differences between area-related and investment-type controls.

Most Member States have developed tools, most importantly the integrated information system and electronic databases, in support of the controlling function. Although the setting-up of the IACS (integrated administration and control system) system has not been a smooth process in all countries, it is generally said to be an improvement in terms of managing control functions. The usefulness of IACS was highlighted with regard to the integrated control of area-based aids in pillar 2 and cross-checks with pillar 1 payments. This is in line with the provision of Commission Regulation (EC) N° 1975/2006 for the use of IACS under the second pillar (only for area and animal-related measures under Axis 2), and the request for including cross-checks -wherever possible and appropriate- with data from the IACS.

3.8.2 Assessment of difficulties, how these have been dealt with

The main difficulties identified through the national case studies can be classified as: institutional; procedural and; regulatory (i.e. related to EU regulations).

Institutional difficulties

These are partly generated by weaknesses in the coordination and communication mechanisms between the MA and the PA. The weaknesses identified seem also generated by a conflict between the general regulatory settings (EU level) and the capacity of national/regional administrations to cope with new allocation of tasks and responsibilities.

In the current legislative framework, while the PA is asked to bear the final financial responsibilities *vis-à-vis* the EU for the appropriate use of community funds and has full responsibility for performing controls and making payments, the MA is still performing, via the delegation procedure, some control tasks.

Sometimes however, tasks between the two bodies are not coordinated -so that, for instance, definition of eligibility/selection criteria and implementation of controls are in the hand of the MA while the PA has still to ensure and certify that expenses are justified according to such criteria- thus generating tensions in institutional relationships.

This is the case for instance, in Germany-RP where it has been argued that tensions are created by the fact that in the case of control failures or exceeded budget limits the PA bears the ultimate responsibility, while the control function is mainly in the hands of the MA. This has been also identified as source of work duplication with the PA having to keep track of the whole control process as well. In other cases, where the PA has a predominant role in control (for instance in BG and HU), the MA officials and other stakeholders often felt that allocation of responsibilities and decisional power is unbalanced -specifically in favour of the PA- which generates difficulties in mutual coordination. In these later cases, it has been explicitly argued that current regulations contribute to put the PA in a more strategic position, and the MA has lost control over the PA's activities.

All these reasons considered (increase in PA's responsibilities and its involvement in delivery, lack of coordination/communication between MA and PA, delicate balancing of powers) contribute to generate the perception of over-control and over-bureaucratization of the current control systems; this issue has generally emerged from the case studies.

Procedural issues

Most of difficulties identified by the case studies are procedural. Firstly, difficulties were related to the *setting-up of new systems*, in terms of institutions, procedures and tools. In some of the Member States (such as DE, PL) difficulties have been associated with the setting-up and accreditation of the PA. These problems are again due to the fact that the PA had a number of new responsibilities, which meant that an agreement on its set-up and the exact scope of its activities had to be reached. In Italy-ER, for example, the

setting-up of PAs at the regional level were said to involve considerable administrative burden.

In other Member States the *adjustments of the ICT system* according to new requirements raised specific challenges. For instance in Greece, major difficulties were associated with the Land Parcel Identification System (LPIS). Most Pillar 2 measures beneficiaries had to submit both their LPIS and Single Payment identification (in line with the integration of Pillar 1 and 2 databases). However, since the LPIS system was not fully functional, delays occurred in processing both applications and payments⁷⁹. Similarly, in the Italian case the integration of various databases has required specific adjustments and created delays. In Hungary, the IACS system was under continuous development and had to be adjusted to every new 'title' (i.e. call for proposal). This difficulty is also related to the fact that the IACS was used in relation to the management of all title in Hungary (i.e. all four EAFRD axes). IACS' suitability with regard to axis 3 and 4 measures (i.e. investment-type measures) is also questionable. Particular concerns have been raised with regard to its capacity to deal with projects. There was often not enough time for the preparation of 'titles', and the adjustments and developments of the IACS system in line with the new titles often hampered the implementation process further.

Issues related to EU rules and their interpretation at national/regional level

In many of the case studies (such as DK and DE), interviews with a number of stakeholders have generated the impression that *controls are often too strict, complex, burdensome and costly*. However, clear explanations for these perceptions are not that forthcoming and only assumptions about them can be made based on the case study interviewees' comments and views of TWG4 members. At an overall level, the EU requirements are seen as being more stringent in the current programming period than they were before, especially when it comes to control practices of EC auditors and the interpretation of rules provided by EU officials.

The Irish case study has expressively described this situation. The whole auditing process is reported to be much more severe than previously. There seems to be a widespread fear of contravening any rules, particularly but not exclusively among the most local levels of delivery agency. All officials appear very aware that a contravention at any level of the programme can lead to problems for the whole programme – for example, in terms of large fines/disallowed expenditure. The fear that is resulting from this approach to controls is having a knock-on effect in terms of the actual delivery of the programme.

The perceived more stringent EU regulations have also *indirect effects on the way national authorities behave*. For instance, they often justify strict controls at the national level by EU regulations and control rules. They argue that if national controls are not stringent enough, this may imply serious fines for the Member State. This appears to be a particular concern of PAs in new Member States (HU, PL) and may be due to the fact that these countries -less experienced in terms of programme management- fear more

⁷⁹ Eventually, the integration between Pillar 1 and 2 payments has also proven to be difficult for certain beneficiaries given their scarce knowledge and familiarity with Pillar 1 regimes.

stringent control on behalf of Commission services. For example in PL, the PA is subject to multiple controls at the same time from the MA, internal services and the EC. This intensive control is said to cause the effect of strengthening the control rules by the PA in order to avoid any deficiencies.

Strict auditing from the Commission can raise concerns among programme authorities that introduce strict controls at national level in response, in order to avoid fines. At the same time, any possible fines are potentially more harmful in new Member States as they often do not have their own national resources and programmes, and are highly dependent on EU funding with regard to their development policies. The administrative culture of these countries (partly inherited from the past) may also be more bureaucratic and stricter than that of many of the old Member States.

A related problem is that the *interpretation of EU regulations by EU stakeholders may vary* from time to time (or depending on the EU official who provides guidance or carries out the audit), causing uncertainties among national authorities, which then have implications on beneficiaries. This is a concern expressed in a number of case studies (e.g. DE and LV) as well as during the TWG4 meeting working sessions. It has been mentioned that given to this changing reference framework, farmers often do not know what to expect, and national authorities, on the other hand, tend to place the responsibility on EU authorities (even if this may not necessarily be the case).

Administrative burdens (including those related to controls) are said to be *disproportionately high for beneficiaries with small-size projects* (in particular axis 4 projects –see related issue highlighted in section 3.5.2). This is the case, for instance, in Denmark, where it was argued that the management of control procedures seemed particularly difficult with regard to the Leader axis. Apparently, this has to do with a twofold problem: on one hand, administrative burdens borne by beneficiaries seem excessive in comparison to the usually limited size of these projects, so that they do not justify the efforts faced for applying and running the project. On the other hand, it was stated, difficulties arise because the controllers have technical rather than socio-economic expertise. These findings are in line with the findings of other national cases (such as IE, LV, HU, PL), and resonate with the views expressed within the TWG4.

Control requirements also seem to be complex and costly in relation to axis 2 measures in some countries (e.g. DK, DE). Issues raised with regard to agri-environmental project requirements include, for example, the difficulty of planning ahead for a long period and complying with specific requirements, as well as measuring the required indicators. In Denmark, controls for axis 2 measures and sub-measures were considered particularly costly and complex especially because of their close linkage and integration with cross-compliance requirements for direct payments. Farmers were reported to complain about the excessive controls and many of them decided not to apply for these measures due to the high costs of applications and the compliance requirements during controls. In Germany, some interviewees expressed the wish for simplification in measures-specific controls, in particular with regard to agri-environmental projects, as it was particularly difficult to control some of the indicators (such as fertilisers use on agricultural plots). Also due to difficulties associated with the measurement of specific indicators, beneficiaries of

agri-environmental measures are often in a more difficult position to comply with the relevant control requirements. However, it should be recalled that by their nature, agri-environment requires more complex control systems given a high number of different situations, approaches and requirements addressed by this measure. This is particularly true for more targeted schemes.

Overall, the current control practices often made the impression with authorities as well as beneficiaries that rules matter more than goals (which may be referred to as the 'rules vs. goals' approach). In other words, it seems that in implementing controls (both at the EU and the national/regional level) more emphasis is given to the conformity of the outputs to legal prescriptions rather than actual results achieved against strategic objectives/targets defined. In this section, some of the possible roots of these concerns have been explored. In the next section some initial ideas are provided on how this approach could be reconsidered.

3.8.3 What has worked well, innovative suggestions for the future

In some of the case study countries (such as DK, DE-RP, GR, PL), *the use of ICT-based systems and integrated databases* in controls has been highlighted as an improvement. Even in the cases where the system suffered from initial difficulties or the need for improvement was recognised, ICT-based systems were indicated as the right direction towards achieving better delivery. Among others, it was argued that these contribute to better information flow between the various authorities -especially the MA and PA- and facilitate control procedures. Integrated databases for area-type measures were also considered to be useful in a number of cases.

Some countries managed to develop efficient *institutional cooperation mechanisms* that largely contributed to efficient programme implementation. For instance, in Denmark the smooth working relationship of the MA and PA was attributed to their regular communication and facilitated by the presence of both authorities within the same building and the same department. Federal-Länder working groups in Germany were also considered to be useful for discussing specific aspects of the regulations, especially for reducing issues related to legislative interpretation, with positive outcomes for control procedures.

Finally, good practices were also identified with regard to *control procedures towards beneficiaries*. For instance, in Denmark, the legal requirement for actions to coordinate and merge controls has been the main way to deal with the complexity of the system. Similarly, in Germany the intention of the control services to keep the administrative burden for beneficiaries low through bundling as many controls as possible in one visit was seen as a good practice. These attempts are in line with the recommendations of Council Regulation (EC) N° 1975/2006, Article 5(2), or carrying out on-the-spot checks and other controls provided for in the EU rules for agricultural subsidies at the same time, whenever possible. Overall, positive experiences may be more visible in those cases where authorities aimed to find efficient ways for easing the control-burdens of

beneficiaries, rather than putting the main emphasis on controlling as much as possible of project performance and compliance.

In order to overcome the difficulties identified in the previous section, a few possible solutions and ideas emerged from the case studies as well as TWG4 discussions, which are presented in what follows.

The introduction of new procedures, such as the new division of roles and responsibilities between the PA and MA, and the introduction of ICT systems that integrate Pillar 1 and 2 measures, necessarily involved a learning process. The weaknesses of new systems do not necessarily imply that the system in itself is not functional. For instance, in Greece, where the delayed introduction of the new Land Parcel Identification System has caused most of the control difficulties, interviewees also thought that the extensive use of ICT in the application stage and the ability to interface the administration databases were the most important achievements in facilitating the application and control process.

Therefore, the focus with regard to both institutional aspects, in particular the working relationship of the MA and PA, and information technology should be on *ways of improvement rather than change*. It is suggested that the focus with regard to MA-PA cooperation should be on efficient working relationship. In this respect, countries, such as Denmark, where the MA and PA managed to cooperate successfully with each other, could serve as good practice examples. Other good practices in institutional cooperation and communication would need to be identified and assessed in detail at the European level and good practices would need to be distributed to other countries where the cooperation has been less successful.

While the *EU should provide clear guidance* to Member States with regard to the expected roles and responsibilities of the MA and the PA, the emphasis should not necessarily be on institutional competences (and their controls by the EU), but rather on efficient procedures. In this sense, the European Commission could provide recommendations (also on the basis of good practices) while continuing leaving flexibility to Member States in order to achieve efficient delivery in line with national specificities.

As reported in the German case study, while definition of functions by the EU authorities is deemed necessary, at the same time there is the need to leave freedom to the MS on how they integrate the requirements into their institutional architecture.

An emphasis on *efficient procedures through clear guidance and consistent interpretation of rules* as well as the *provision of good practices* by the EU, rather than on revealing irregularities, could also ease pressure on the relevant authorities, especially PAs. As explained in the previous section, PAs (and other authorities) often argued that they applied stringent control over beneficiaries in order to ensure compliance with EU and national requirements.

More flexibility would be particularly required with regard controls applied to axes 3 and 4 measures. In particular, controls may be disproportionately burdensome in the case of small-size projects. A way to overcome this problem would be to introduce specific control

conditions and rules with regard to small projects. This could include the revision of the methodologies on the basis which national/regional perform the risk assessment on projects and the selection of samples for on-spot checks. Considering the limited financial contribution to these projects, thresholds could be set in order that the administrative costs for controls does not exceed a given amounts sets, for example, on the basis of the total cost of the investment.

Control requirements with regard to agri-environmental projects would also need to be reconsidered. There are no straightforward solutions to the problems/concerns related to the control of agri-environmental operations. However, generally, it would be important to avoid over-prescriptive management requirements, which are dictated solely in order to fulfil the obligations stemming from the rules, rather than also being cognisant of the substantive goals of the projects (taking into account the specificities of each context).

For this purpose, more emphasis should be given in the regulations and national programmes on agreed expected outcomes. On this basis, controls should be required to be based upon 'best available technology' notions. In other words this means checking whether farmers are doing their best to try to deliver the specified outcomes. Lessons from similar concepts applied in the realm of environmental regulation (e.g. IPPC – Integrated Pollution Prevention and Control) could be considered.

However, while requirement, and consequently control mechanisms, which put strong emphasis on outcomes can work well for assessing certain environmental benefits, they also have some limits. Such methods cannot be applied in all circumstances, for instance, when the environmental outcome to be assessed is more "diffuse" such as preserving water quality or combating biodiversity decline. In these cases the effect of individual actions undertaken by single farmers/land managers (for example, in a context where just 2 out of X farmers are carrying out agro-environmental actions) are difficult to verify and it is hard to say if they are actually delivering the expected results in the given area.

4 Summary and conclusions

4.1 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.

4.2 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 MS⁸⁰ - 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 Finland⁸¹ 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

Both the centralised and decentralised implementation models examined exhibit strengths and weaknesses. The case studies identified a sizeable number of positive examples of

⁸⁰ 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.

⁸¹ Example derives from TWG4 discussions.

effective implementation management (including in AT, DE, ES, FR and IT⁸²) 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 partnership⁸³ and horizontal partnership⁸⁴ 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 RDP⁸⁵, 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 pillars of the CAP⁸⁶ was considered challenging in at least two thirds of the MS covered, but

⁸² For details see section 3.3.3.

⁸³ Main actors being the EC, MA, PA, MC and regional and local authorities.

⁸⁴ Principally considered here as the relations between the public and private stakeholders at national level.

⁸⁵ FR and FI.

⁸⁶ 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.

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).

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.

4.3 Proposed steps to improvement

4.3.1 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.

4.3.2 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.

4.3.3 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

4.3.5 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

4.3.5 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

4.3.6 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 Framework⁸⁷ 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.

⁸⁷ 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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4.3.7 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'.

4.3.9 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

Annex I – Positive Examples: “What works well”

The following table lists over 70 specific examples of positive practices in RDP delivery mechanisms which have been observed in the MS/regions examined during the course of the TWG4 case studies. They are listed under the topics into which delivery mechanisms have been divided in chapter three of this final report. The most complete details of the practices themselves are included in the individual TWG4 case study reports.

Section	Positive Examples: “What works well”	MS/regions
<i>Strategic approach and targeting</i>	<ul style="list-style-type: none"> - Integrating EU wider priorities into NSP - The consultation process of the NSP improved targeting - Flexibility in regional RDP design allowing for taking the regional/local level into account - Rural strategy integrated with the national Green Growth strategy - Public events/seminars with wide stakeholder involvement during strategy formulation - Timely start of the strategy process - Strategic approach moderating/controlling political influences 	<ul style="list-style-type: none"> - DE-RP, IE, DK, IT-ER - AT, BG - DE-RP - DK - BG - BG - BG
<i>Programming procedures and financial aspects</i>	<ul style="list-style-type: none"> - Wide stakeholder involvement - Decentralisation of measure design and programme approval to MS/RDP level - Green growth as a guiding idea of the programme working + supported by environmental and agricultural interest groups - Making use of previous programming experiences - Agri-environmental measures targeted at specific territories 	<ul style="list-style-type: none"> - DE-RP, BG, IE, IT-ER, ES-CAT - DE-RP, GR, PL - DK - AT - FR

Section	Positive Examples: "What works well"	MS/regions
	<ul style="list-style-type: none"> - Good horizontal coordination among the federal states through frequent contacts and exchanges, contributing a consensus-based position to the national level - Joint working group between the main RDP administrative bodies addressing management structure and facilitate coordination across axes - Administrative organisation and procedures capable of managing the regional and sub-regional delivery functions 	<ul style="list-style-type: none"> - AT - IE - IT-ER
<i>Implementation procedures</i>	<ul style="list-style-type: none"> - Good management of applications and joint action with Pillar 1 - Presence of highly qualified human resources and building on past experience - Effective division of tasks and coordination between implementing bodies - Single PA - Effective experiences with IT systems for applications - Centralisation of applications and coordination with Pillar 1 - PA links to external databases reducing the need of paper/certificates from beneficiaries - Good communication between different governance levels - Thematic study on administrative procedures - Continuous application process for certain measures ("<i>guichet ouvert</i>" model) - Global farming contract - National pre-financing - PA working groups 	<ul style="list-style-type: none"> - DK, ES-CAT, FR, GR, IT-ER, DE-RP - IE, IT-ER, FR - DE-RP, AT - DE-RP - DK, FR, GR - GR - GR - PL - BG - LV - ES-CAT - ES-CAT - ES-CAT

Section	Positive Examples: "What works well"	MS/regions
	<ul style="list-style-type: none"> - Involvement of decentralised institutional levels in implementation - Preference given to integrated and collective projects, which benefit the whole agri-food chain (joint projects/linking individual financing needs with collective investments) - Prior consultations and communication with beneficiaries with regard to calls for proposals and applications - Variety of advisors - Single application form for area-based measures under Pillar 1 and Pillar 2 - Efficient and timely payments to beneficiaries 	<ul style="list-style-type: none"> - AT - IT-ER - DK, IE, ES-CAT - ES-CAT - PL - DK
<i>Partnership principle</i>	<ul style="list-style-type: none"> - NRN as key actor in the improvement of the partnership process - Positive experiences of relationship and informal exchanges between MS and EC - Use of academic and research expertise in MS - Consensus on green growth principle and objectives - Contribution of NRN to facilitating exchanges between MAs and stakeholders 	<ul style="list-style-type: none"> - AT, LV, IT, ES-CAT, DE-RP - BG, PL, IT-ER - FR, LV - DK - AT
<i>Implementation of integrated territorial development strategies</i>	<ul style="list-style-type: none"> - Integrated territorial approaches facilitating coordination and integration between different policies - Efficient coordination systems - Pre-financing of LAGs - LAG board members including people working directly with ERDF - Regional management offices 	<ul style="list-style-type: none"> - IE, ES-CAT, DE-RP, FR - DK, DE-RP - PL - DK - AT

Section	Positive Examples: "What works well"	MS/regions
	<ul style="list-style-type: none"> - Advance payments for Leader projects 	<ul style="list-style-type: none"> - LV
<i>Coordination of policies</i>	<ul style="list-style-type: none"> - Implementation of development programmes based on territorial approaches facilitating coordination - Efficient coordination - Law on Sustainable Development of the Countryside - National Coordination Authority and Coordination Committee - Regional Coordination Committees - Contractual projects between the state and the regions - Inter-departmental Committee on the Cohesion of EU funds - Additional coordination arrangements outside the RDP framework - Strategic approach facilitating coordination 	<ul style="list-style-type: none"> - IE, ES-CAT, DE-RP, FR - DK, DE-RP - ES-CAT - GR - FR - FR - IE - AT - DK
<i>Monitoring and evaluation</i>	<ul style="list-style-type: none"> - Applying evaluation for programming purposes - Continuous relationships between MA and external evaluators - Good relationships between MA and EC - Exchanging M&E experience with other networks - Informal consultation process prior to the MC meetings - Installation of a national evaluation coordinator - Staff capacity building - Robust <i>ex-ante</i> evaluation assisting in strategy formulation and programming 	<ul style="list-style-type: none"> - GR, PL, HU, FR - BG, PL, DE-RP - PL, AT, DE-RP, IE - LV, BG, IE, PL - PL, GR - DE-RP - PL - FR
<i>Control systems</i>	<ul style="list-style-type: none"> - Use of ICT-based systems and integrated databases - Länder-level working groups 	<ul style="list-style-type: none"> - DK, DE-RP, GR, PL - DE-RLP

Section	Positive Examples: "What works well"	MS/regions
	<ul style="list-style-type: none"> - Attempts towards coordinating and merging controls - PA working groups - Outsourcing of some tasks (e.g. advising beneficiaries and making payments) - Extensive use of ICT in the application stage and the ability to interface with the administration databases - Informal and formal communication between MA and PA facilitated through the same location of both offices - Expertise accumulated by the Plant Directorate in handling controls - On-the-spot checks raising awareness of beneficiaries on the conditions of aid - Controls perceived as not overly burdensome by beneficiaries 	<ul style="list-style-type: none"> - DK, DE-RP - ES-CAT - FR - GR - DK - DK - PL - PL

Annex II – Rural Development Regulations

- Council Decision N° 2006/144/EC ON Community Strategic Guidelines for rural development.
- Council Regulation (EC) N° 1698/2005 on support for rural development by the European Fund for Rural Development (EAFRD).
- [Council Regulation \(EC\) N° 1944/2006 of 19 December 2006](#) amending Regulation (EC) N° 1698/2005.
- [Commission Regulation \(EC\) N° 1974/2006](#) laying down detailed rules for the application of Council Regulation (EC) N° 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).
- [Commission Regulation \(EC\) N° 434/2007](#) amending Regulation (EC) N° 1974/2006 by reason of Accession of Bulgaria and Romania to the European Union.
- [Commission Regulation \(EC\) N° 363/2009 of 4 May 2009](#) amending Regulation (EC) N° 1974/2006
- [Commission Regulation \(EC\) N° 1320/2006](#) laying down rules for the transition to the rural development support provided for in Council Regulation (EC) N° 1698/2005
- [Council Regulation \(EC\) N° 1463/2006](#) adapting Regulation (EC) N° 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) by reason of the accession of Bulgaria and Romania to the European Union
- [Council Decision](#) 2006/663/EC adapting the Act of Accession of Bulgaria and Romania as regards rural development.
- [Council Decision 2006/664/EC](#) adapting Annex VIII to the Act of Accession of Bulgaria and Romania.
- [Council Regulation \(EC\) N° 1290/2005](#) on the financing of the common agricultural policy.
- [Commission Regulation \(EC\) N° 883/2006](#) laying down detailed rules for the application of Council Regulation (EC) N° 1290/2005 as regards the keeping of accounts by the paying agencies, declarations of expenditure and revenue and the conditions for reimbursing expenditure under the EAGF and the EAFRD.
- [Commission Regulation \(EC\) N° 885/2006](#) laying down detailed rules for the application of Council Regulation (EC) N° 1290/2005 as regards the accreditation of paying agencies and other bodies and the clearance of the accounts of the EAGF and of the EAFRD.
- Commission Regulation (EC) N° 1975/2006 laying down detailed rules for the implementation of Council Regulation (EC) N° 1698/2005, as regards the implementation of control procedures as well as cross-compliance in respect of rural development support measures.
- [Commission Decision 2007/680/EC](#) amending Decision 2006/410/EC, setting the amounts which, pursuant to Articles 10(2), 143d and 143e of Council Regulation (EC) N° 1782/2003, are made available to the EAFRD and the amounts available for EAGF expenditure, and Decision 2006/636/EC fixing the annual breakdown by Member State for Community support to rural development for the period from 1 January 2007 to 31 December 2013 (notified under document number C(2007) 5106).
- [Commission Decision 2007/383/EC](#) amending Decision 2006/636/EC fixing the annual breakdown by Member State of the amount for Community support to rural development for the period from 1 January 2007 to 31 December 2013 (notified under document number C(2007) 2274;

- [Commission Decision 2006/410/EC of 24 May 2006](#) setting the amounts which, pursuant to Articles 10(2), 143d and 143e of Council Regulation (EC) N° 1782/2003, are made available to the EAFRD and the amounts available for EAGF expenditure
- [Council Decision 2006/493/EC](#) laying down the amount of Community support for rural development for the period from 1 January 2007 to 31 December 2013 , its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective
- [Commission Decision 2006/588/EC](#) allocating the amounts resulting from the modulation provided for in Article 10 of Council Regulation (EC) N° 1782/2003 to the Member States for the years 2006 to 2012 (notified under document number C(2006) 3839)
- [Commission Decision 2006/636/EC](#) fixing the annual breakdown by Member State of the amount for Community support to rural development for the period from 1 January 2007 to 31 December 2013 (notified under document number C(2006) 4024) (OJ L 261, 22.9.2006, p. 32–34).
- [Council Regulation \(EC, Euratom\) N° 1995/2006](#) amending Regulation (EC, Euratom) N° 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities.
- [Council Regulation \(EC\) N° 994/98](#) on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid.
- [Council Regulation \(EC\) N° 659/1999](#) laying down detailed rules for the application of Article 93 of the EC Treaty.
- [Commission Regulation \(EC\) N° 794/2004](#) implementing Council Regulation (EC) N° 659/1999.
- [Commission Regulation \(EC\) N° 1935/2006](#) amending Regulation (EC) N° 794/2004.
- [Commission Regulation \(EC\) N° 68/2001](#) on the application of Articles 87 and 88 of the EC Treaty to training aid.
- [Commission Regulation \(EC\) N° 70/2001](#) on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprise. Amended by [Commission Regulation \(EC\) N° 1857/2006 of 15 December 2006](#) on the application of Articles 87 and 88 of the Treaty to State aid to small and medium-sized enterprises active in the production of agricultural products and amending Regulation (EC) N° 70/2001.
- [Commission Regulation \(EC\) N° 1860/2004](#) on the application of Articles 87 and 88 of the EC Treaty to de minimis aid in the agriculture and fisheries sectors.
- [2006/C54/08 Guidelines on national regional aid for 2007-2013](#).
- Commission Regulation (EC) N° 1628/2006 on the application of Articles 87 and 88 of the Treaty to national regional investment aid.
- [Commission Regulation \(EC\) N° 1857/2006](#) on the application of Articles 87 and 88 of the Treaty to State aid to small and medium-sized enterprises active in the production of agricultural products and amending Regulation (EC) N° 70/2001.
- [2006/C319/01 Community guidelines for state aid in the agriculture and forestry sector 2007 to 2013](#).

- [Commission Regulation \(EC\) N° 1998/2006 of 15 December 2006](#) on the application of Articles 87 and 88 of the Treaty to *de minimis* aid.
- [2006/C323/01 Community framework for state aid for research and development and innovation.](#)