



**Ministry of Environment  
and Food of Denmark**  
The Danish Agrifish Agency

# Exchange of Experiences Denmark

**Selection Criteria:  
Towards a more  
performant RD policy**

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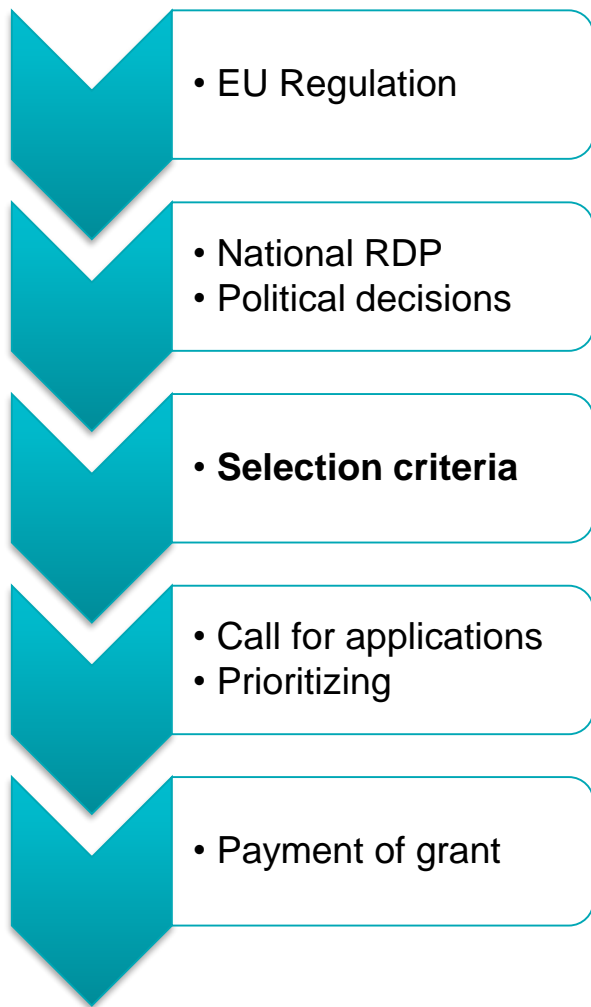
# Agenda

## Generic observations

1. Objective of the RDP and relevant programme indicators
2. Cost efficiency and transparency
3. Cost efficiency and administrative costs
4. Selection criteria and simplified cost options (SCOs)



# Generic observations: Farm Investments (M04)



## Focus Areas:

Fx :

- Competitive-ness

Reduction in

- Energy
- Nitrogen
- Pesticides

## Objectives:

- **Largest possible effect for the available funding**
- **Highest possible cost efficiency**

$$\text{Cost efficiency} = \frac{\text{Impact of project}}{\text{Cost of project}}$$



# 1. Objective of the RDP and relevant programme indicators

**Question: "How to transform the objectives into reliable programme indicators?"**

## **Challenges:**

- Inputs from the applicants are not always reliable
- Applicants will have an incentive to overestimate the impact from their own project

## **Possible actions:**

- Use of more standardized inputs (or effects)
- Objective criteria's

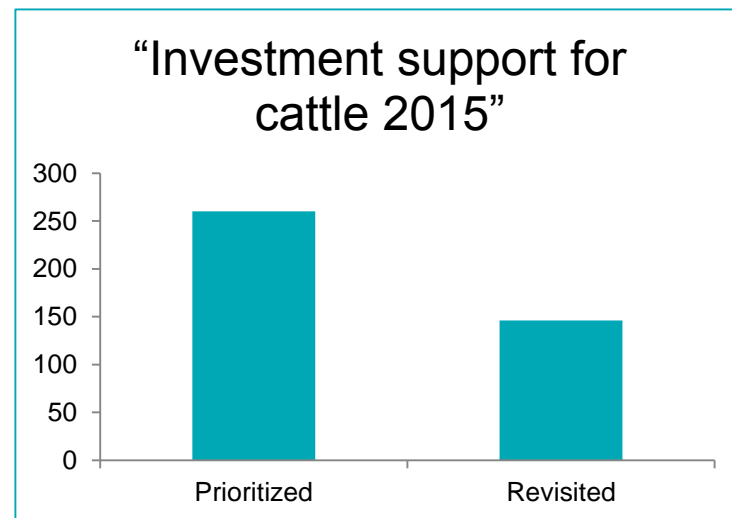
## **New issues and challenges**

- Management effect?



# 1.1 Unreliable inputs from applicants

- Initially on “Investment support for cattle 2015” 233 of 584 (approx. 40 %) of all applicants needed to be contacted for additional information.
- Several applications had numerous iterations and the interdependence created long response time for the applicants.
- 146 of 260 (approx. 56%) of applicants who had already got an undertaking had to be revisited to look for fraudulent behavior.



## 2. Cost efficiency and transparency

**Question: "How to balance the objective of a cost efficient selection model and transparency?"**

### **Challenges:**

- In order to limit optimistic self-reporting more **closed selection criteria** or **standardized effects** can be implemented.
- If the selection criteria is too complex and/or intransparent the applicants use a lot of resources
- We risk that fewer will apply and higher risk of mistakes in applications. Hence the overall impact of the program can be reduced

### **Possible actions:**

- Increase the level of information to beneficiaries (meetings, guidance's, etc.)
- Ensure that relevant industry associations and stakeholders are involved early in the process



### 3. Cost efficiency and administrative costs

**Question: "How to achieve a cost efficient and transparent model without excessive administrative costs?"**

#### **Challenges:**

- If the selection criteria is too complex the Agency uses a lot of resources on development, information and subsequently amending the procedures
- Not possible to rely on inputs which requires further or extensive processing as it will lead to an increase in the administrative costs
- There is a risk that post processing will reduce the transparency for applicants which can lead to a reduced number of applications and less overall impact



## 3.1 Cost efficiency and administrative costs

**Question: "How to achieve a cost efficient and transparent model without excessive administrative costs?"**

### Possible actions:

- Ex ante
- Standardized inputs/effects
    - Low cost, however standard applications will deviate from the "real life" situation
  - Extensive pre-application work on templates that performs the calculations online thus allowing the applicant to see the result before submitting the application
    - This creates a challenge in regard to the available time to develop and test such a template
- Ex post
- Expert committee to verify inputs
    - inputs from applications can be close to reality, however the measure can be very resource demanding post the application process





## 4. Selection criteria and simplified cost options (SCOs)

Question: "How to use standardized inputs from applicants along with simplified costs and still obtain a valid criteria for selection?"

Challenges:

$$\text{Cost efficiency} = \frac{\text{Impact of project}}{\text{Cost of project}}$$



$$\text{Cost efficiency} = \frac{\text{Standardized inputs}}{\text{Simplified costs}}$$

- Both the denominator and the numerator can be locked
- Very hard to prioritize between equals

**Possible actions:**

- Find new ways to obtain data regarding the impact of projects?



# Conclusion

## Final question:

### How to establish selection criteria's that are:

- **Reliable?**
- **Transparent?**
- **Easy to use (for both the applicants and the Managing Authorities and Payment Agencies)?**
- **In accordance with the regulations?**
- **Cost efficient?**



**Thank you for your attention 😊**

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