

# Will the future CAP lead to lower implementation costs and higher impacts of Rural Development Programmes?

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# Structure of the presentation

- Introduction: Background and basis of the paper
- Key findings from evaluation studies of German Rural development programmes (RDP)
  - Implementation costs
  - Influence of the EU framework
  - Interactions between effectiveness and implementation efficiency
- Lessons learned: Needs for CAP post 2020
- The proposed new delivery model: Opportunities and risks
- Conclusions

# Introduction: Background and basis of the paper

## Occasion of the paper

- Reflect on the COM Communication: “The future of food and farming”
  - Critical review of the proposals for a new delivery model

## Basis: Evaluation of several German RDP of all three periods

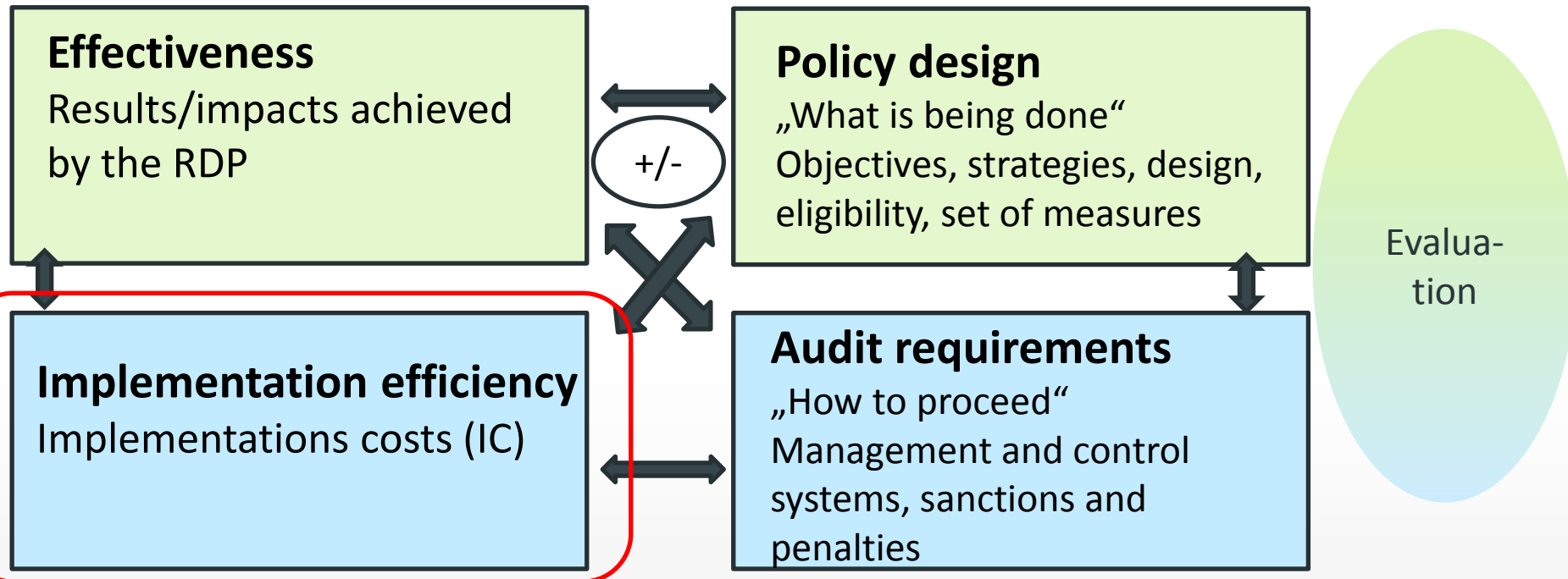
- Long experience and profound empirical basis
- Mainly Pillar 2 perspective
- Implementation cost analyses as part of evaluation studies (ex-post 2008, ex-post 2016, and ongoing at present)
- German perspective – results are transferable to other member states

➤ **Presentation: Small extract of the comprehensive paper**

# Introduction: Analytical approach & basic hypotheses

Key determining factors/  
indicators for funding success

Key driving factors/  
areas of action



- **Significant interactions between all of them**
- Should be taken into consideration = need for holistic view
- Hitherto rather segregation: different players on all levels & differing interests

# Introduction: Concept of implementation costs (IC)

## Considered tasks:

Conception, monitoring, application and granting procedure, control systems and other cross functional tasks (steering, evaluation, ....)



## Considered costs:

Public costs on regions level: all administration units & contracted agencies involved  
direct + indirect personnel costs + IT costs



## Results:

absolute IC = Costs in EURO

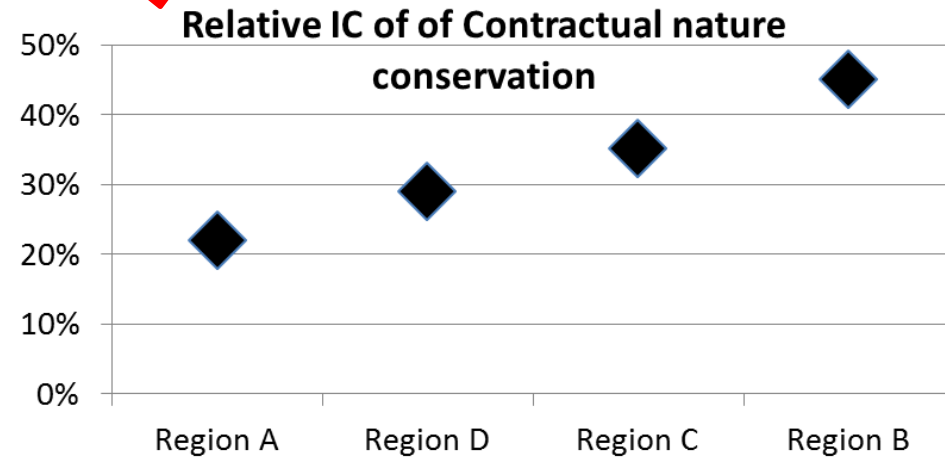
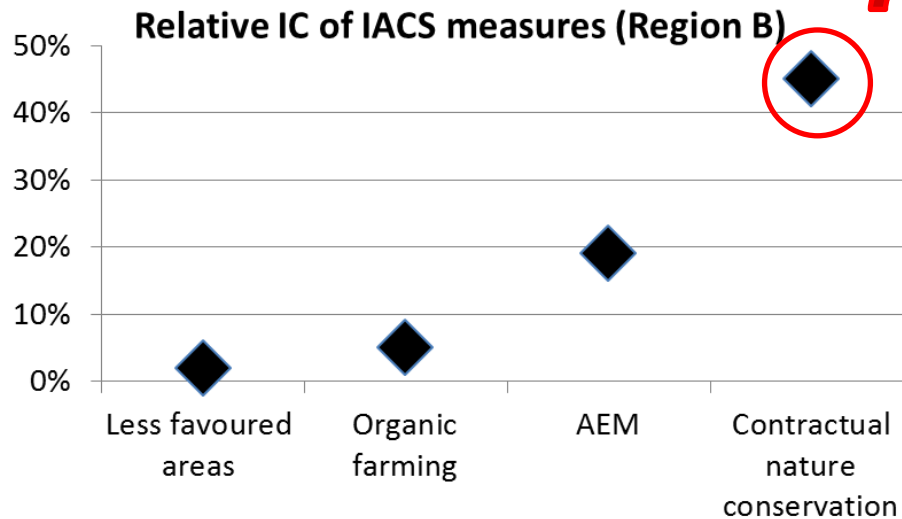
**relative IC** = Ratio of ICs to public expenditure in % or  
IC/output (ha, projects) or results (e.g. kg reduced nitrogen) achieved

Relative IC: Key  
parameter for  
implementation  
efficiency

# Key findings on IC: General results

- IC has reached an appreciable dimension
- Between period 2000 – 2006 to period 2007 – 2013 IC have risen
- 2011: RDP related relative IC vary between 10 and 28 % (IT excluded)
- Measure-specific relative IC vary from less than 1 to more than 80 %

# Key findings on IC: Determining factors (area-related measures)



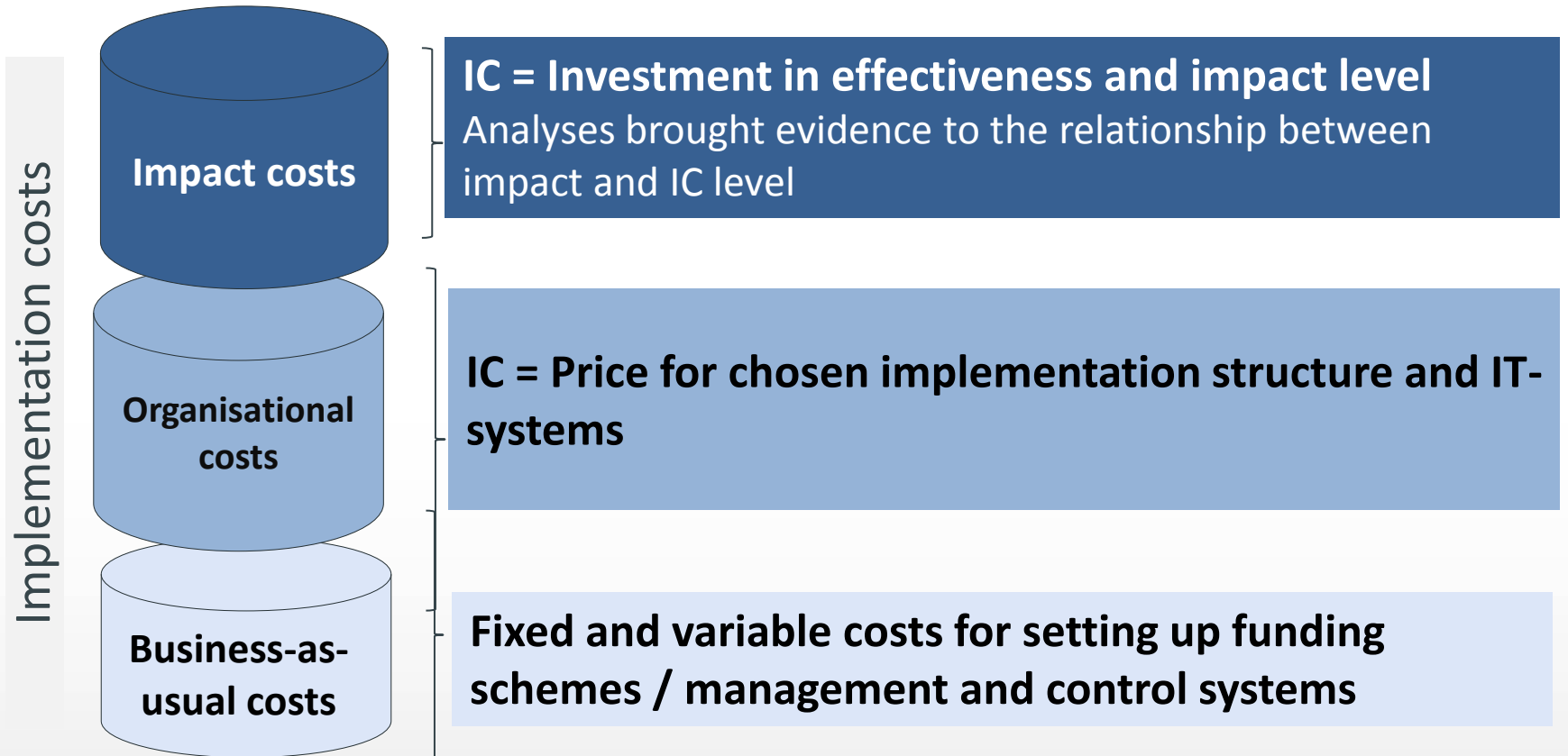
## Measure characteristics:

- Standardised versus **individual farming requirements**
- Farm related versus **site specific approach**
- Large scale versus **small scale measures**
- Demand versus **acquisition driven**

## Organisational characteristics:

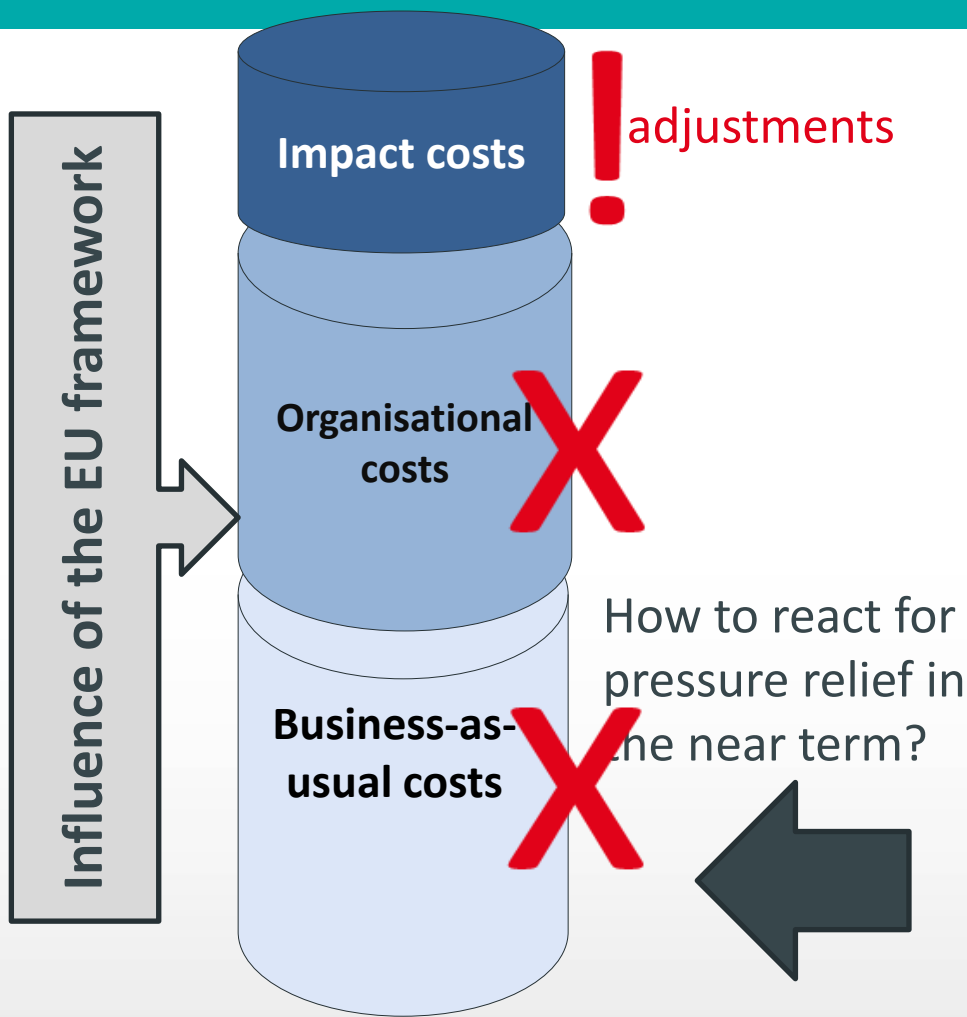
- Centralised versus **decentralised granting authorities**
- Integrated implementation with all IACS measures or **separate implementation**
- Functionality of IT-systems and interfaces between several systems

# Key findings on IC: Different IC-components





# Key findings: influence of the EU framework:



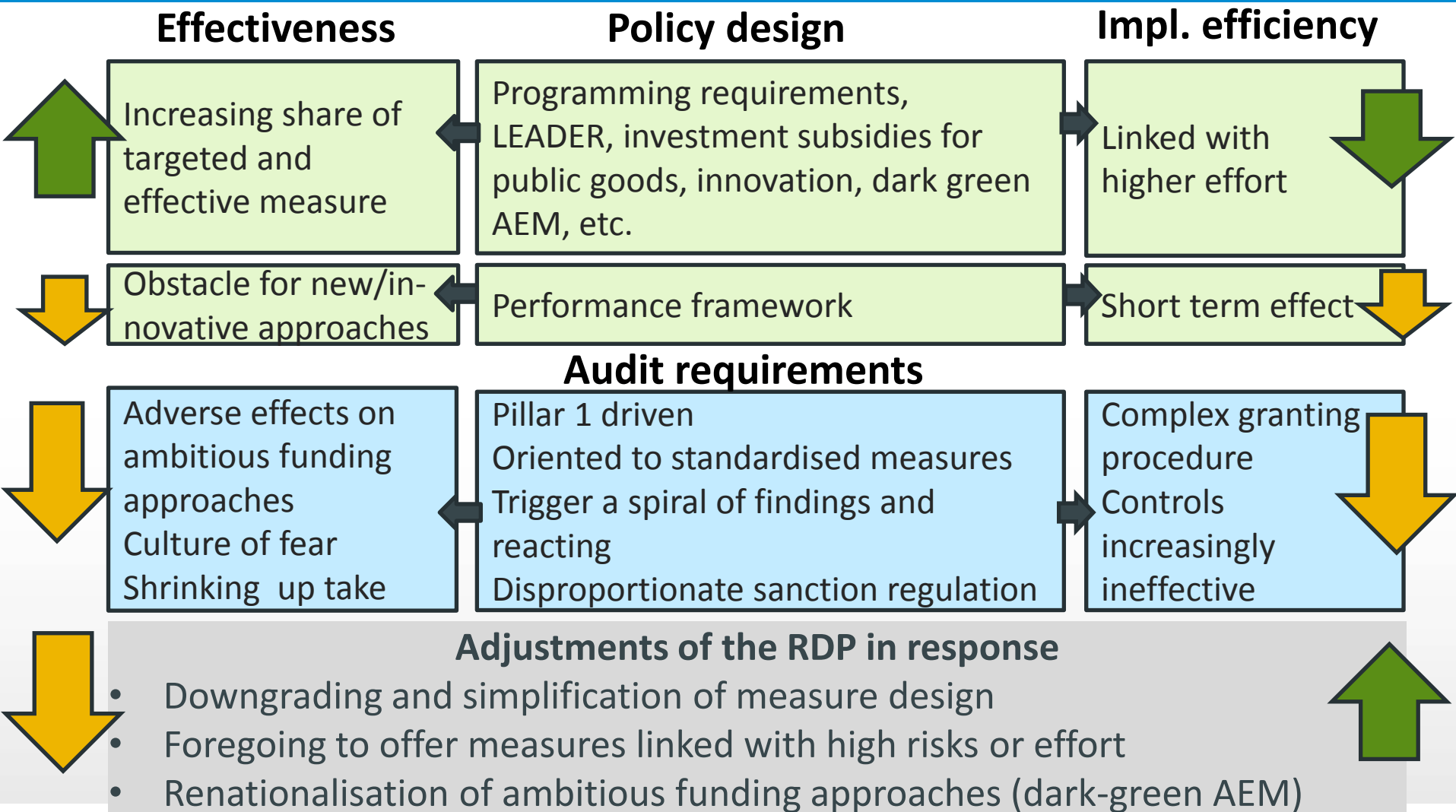
## Higher IC for EU-cofinanced funding:

- Complex governance structure
- Unsuitable transfer of admin. & control & sanction system from Pillar 1 to all Pillar 2 measures
- 2 % materiality threshold together with:  
(1) highly complex and volatile legal framework + (2) complex RDP design

## Pressure on administrations

- Avoiding errors and financial risks at any costs
- Suffering from budgetary constraints & staff reduction

# Key findings: Interactions between effectiveness and implementation efficiency



# Lessons learned: Needs for CAP post 2020

## Pillar 2 Audit/Management:

**Reset** needed: appropriate management and control system

- Reducing implementation costs
- Cultural change: from distrust to trust
- Avoiding negative side effects on effectiveness



Different starting positions ahead of the new funding period

## Pillar 2 Policy design:

- Fostering existing targeted approaches
- Streamlining objectives and programming procedures ↔ maintaining broad perspective of territorial needs
- No performance framework/reserve

## Pillar 1 Audit/Management

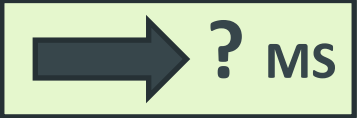



- IACS basically appropriate
- Intrasystem amendments: e.g. higher minimum thresholds & accepted tolerance

## Pillar 1 Policy design:

- Insufficient focus on targets
- Sharp criticism in public debates: lack of justification
- New approaches needed



# Opportunities and risks of the new delivery model: Effectiveness (Pillar 2)

Policy design	Effectiveness
More freedom regarding RDP design	
Focus on results/targets is nothing really new – but implemented as focus on output: negative side effects as performance framework	
Outlined CAP objectives: “over streamlined” to sector perspective - territorial focus?	
CAP common strategic plan: more coherence of contributions to objectives between the pillars or dominance of pillar 1 needs?	

**Identified needs met?**

# Opportunities and risks of the new delivery model: Implementation efficiency (Pillar 2)

## Audit requirements

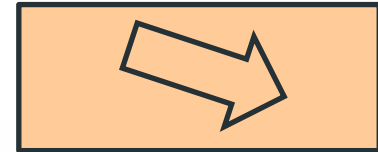
- Greater **subsidiarity** by shifting responsibility back to MS
- No direct rules/controls by EU at **beneficiary level**

- Result-oriented approach: shift from compliance clearance to **performance review** as a basis for accountability to COM
- Monitoring indicators and data: accuracy and reliability object to audit activities
- Huge investments for the underlying **monitoring** systems needed

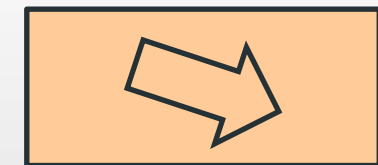
## Policy design

CAP common strategic plan: Programming, coordination, steering and reporting on MS level challenging and in many aspects conflicts with the federal constitution

## Implementation efficiency



**Balance amount +/-?**



# Conclusions in a glance

- COM Communication includes some promising approaches and basic concepts regarding the audit requirements (subsidiarity!)
  - Shift from compliance to output-indicator based performance reporting is linked with risks: as well as for the implementation efficiency as for the effectiveness
  - Pillar-1-perspective and interests seems to be dominant driving force
  - A lot depends on further details on EU and Member States level
- Stronger Pillar 2 empowerment is needed to free rural development policy from a strategic “stranglehold” of Pillar 1

# Thank you for your attention!

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The Future of Food and Farming

