



REFIT Platform Opinion

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REFIT Platform Opinion on the submission by the Freistaat Saachsen on I.5a "ESI and EAFRD" in Agriculture.

The REFIT Platform has considered the issue raised by the Freistaat Saachsen concerning the inconsistencies between European Structural and Investment Funds (ESI) and the European Agriculture Fund for Rural Development (EAFRD).

Some members of the Stakeholder group support the suggestion that the Commission examines ways to improve monitoring and evaluation of the EAFRD, whilst also reducing any unnecessary reporting requirements that might exist.

Some members within the Government group recommend that the Commission examines different possible means to simplify the EAFRD and ESI. Other members consider that "Common Provision Regulation" should be revised in a bigger context and that this falls under the competence of the High Level Group on monitoring simplification for beneficiaries of ESI Funds.

Detailed Opinion

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1 Submission I.5a "ESI and EAFRD" by the Freistaat Saachsen

The ESI Regulation is intrinsically a problem for funding of the EAFRD, because in comparison with previous funding periods in which there was no comparable umbrella regulation for the EAFRD, it contains newly-added additional regulations and generates through its primary focus on the structural funds, inconsistencies within the EAFRD Regulation. The aim of the ESI Regulation to create added value has not been achieved. Instead, the regulation has prompted contradictions and is, as a result, unnecessary.

2 Policy context

Regulation (EU) No 1303/2013 of 17 December 2013 (the "Common Provision Regulation" – CPR) defines common principles, rules and standards for the implementation of the five European Structural and Investment Funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). The regulatory framework covers the programming period 2014-2020.

The CPR aims at harmonising, as far as possible, implementation rules for the Funds. It defines a common set of thematic objectives and lays down common procedures in a number of areas, such as programming, programme adoption and amendment, monitoring and control. It also harmonises and reinforces the partnership principle and strengthens the result-orientation of the Funds through ex-ante conditionality's and the requirement to establish a performance framework. As regards to common delivery systems for implementation, it broadens the possibilities for the use of innovative financial instruments.

The EAFRD aligns with the common provisions as defined in the CPR within the above-mentioned remits. Nevertheless, rural development policy is established to accompany and complement direct payments and market measures of the CAP. Therefore, the activities of the EAFRD and the operations to which it contributes should be consistent and compatible with support from other instruments of the CAP. Because of this special situation of being part of the CAP the Rural Development Regulation (EU) No 1305/2013 only complements the provisions of Part II of the CPR.

The rules for the RD programmes intervention logic are therefore defined in the Fund specific regulation (EU) No 1305/2013 and aligned with the common CAP objectives. In particular, RD programmes should contribute to the achievements of the CAP objectives through six EAFRD Union priorities using a predefined set of measures. To ensure consistent implementation with the CAP 1st pillar, common provisions for financial management and controls, in particular for the area and animal related measures have been laid down in the CAP Horizontal Regulation (EU) No 1306/2013.

The ESIF DGs are working closely together to ensure common and consistent interpretation of common provisions. Moreover, common procedure design is ensured and common IT tools are promoted (e.g. SFC¹). Other joint exercises with the ESIF DGs include a policy

¹ "Shared Fund Management Common System" – an IT system to exchange and store documents among the Commission and the Member States.

communication on the programming in 2015, annual reports as of 2016 to the Council and EP, studies, interpretation network, scoreboard for simplification including simplified costs options SCO, e-governance and payment efficiency, monitoring of ex ante conditionality's, providing trainings in Member States, running of a High level group on simplification etc. At Commission level we are also working at IT and process rationalisation e.g. common procedure design and IT tools (RDIS, SFC, EC data tool).

Evaluations and studies are currently conducted to analyse the effects of the new provisions and the common framework on the administrative burden for administrations and beneficiaries. The first results of this exercise are expected in 2016.

3 Opinion of the REFIT Platform

3.1 Considerations of the REFIT Platform Stakeholder group

Some members of the Stakeholder group recognise the need for a more proportionate control framework for Pillar II, and the need to strengthen the links between EAFRD and ERDF.

However, there are concerns that reducing the number of measures and priorities that managing authorities have to report against for the EAFRD could reduce the ability of the Commission and Member States to adequately monitor and evaluate RDPs.

In the light of this, these members recommend that the Commission considers how best to improve monitoring and evaluation whilst also reducing any unnecessary reporting requirements.

3.2 Considerations of the REFIT Platform Government group

I.5.a The European Agricultural Fund for Rural Development

The suggestion from Freistaat Saachsen is to drop the linkages to wider EU funding through the European Structural and Investment Funds (ERDF, ESF, EMFF etc.). Having EAFRD tied to sets of regulations in its current form does increase complexity, but a few members of the Government group believe that this is in large part because of the complex reporting requirements set out in the Rural Development regulations (main and implementing regulations). Thus, these members view is that it is the Rural Development regulations that need to be reconsidered as part of this review.

The Common Provisions regulation, which governs the other ESI Funds, asks for reporting against 11 thematic objectives.

In contrast, the Rural Development regulations require reporting against 6 Rural Development priorities, 18 additional focus areas, 20 measures and 67 sub-measures. Simplification of the Rural Development regulations, particularly to remove such onerous reporting would be a far preferable solution with Member States only reporting against the Thematic Objectives across all ESI funds. A review of reporting to simplify this for Member States would be a useful and concrete first step.

Additionally, for EAFRD, the requirement to cover nearly every aspect of programme delivery within Rural Development Programme Documents is also too onerous (the ERDF and RDPE programmes are roughly the same size but the RDPE Operational Programme is 743 pages while the ERDF one is 280). This aspect could be severely curtailed so that RDPs are a strategic document and only provide basic information to cover the needs and priorities for spending and simple reporting arrangements for spending and outputs. The detailed measure and sub-measure text should only need to be set out in specific Member State or Managing Authority level guidance. A few members of the Government group see the benefits of having common rules, particularly on simplified costs across funds. These members suggest that simplification should go much further, so that approaches across funds are uniform and simpler. For example, currently the approach to standard costs under EAFRD should be much more closely aligned to simplified costs in ERDF and ESF particularly in terms of the reducing the administrative burden on both the implementing body and on the beneficiary. Additionally, a review of investment measure rules, both for productive and non-productive investments, would be sensible including specific rules for irrigation actions and basic services.

Finally, these members believe that the linkages between the two sets of funds (EAFRD and ERDF/ESF in particular) should be strengthened. It should be clear that EAFRD is no substitute for ERDF and ESF spending in rural areas or to environmental projects that help support both blue and green infrastructure, with EAFRD only being used as a funder of last resort in rural areas or to add value to wider initiatives. These members would like to see such complementarity made much clearer and for all DGs to recognise the importance of rural initiatives and of the potential for joined-up support. Currently, the concerns are that the increased focus on controls between funds by the Commission will lead not to complementarity but to strict demarcation between the programmes risking the delivery of key programme objectives.

Further Member State views

Views from Member States are mixed. While there is some general support to simplify EAFRD, a number of other Members States do not agree with the proposal to report only against the Thematic Objectives across all ESI funds, given that these are too broad and the EAFRD is closer to the EAGF.

A few Member States are of the opinion that the level of detail in the Rural Development programme should be reduced. These Member States agree that the EAFRD should not be seen as a substitute for ERDF and ESF in rural areas. Therefore they support the idea that the complementarity between EAFRD and other ESI funds should be strengthened and that this aspect should be checked more closely by the Commission when assessing operational programmes submitted by the Member States.

Some other Member States do not support the proposal. A revision of the ESI and its delivery system needs to be performed in a more systematic and comprehensive manner. Since the proposal concerns the Regulation (EU) No 1303/2013 of 17 December 2013, the “Common Provision Regulation”, it should be revised in a bigger context and for that there is the High Level Group monitoring simplification for beneficiaries of ESI Funds. Some Member States do also not support this proposal as they feel it is too early on in the current CAP to carry out such a review.