

14 March 2019

Rural development policy: Some thoughts on accomplishments, risks and prospects

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Director of Chamber 1

Sustainable use of natural resources

European Court of Auditors (ECA)



EUROPEAN
COURT
OF AUDITORS



What we do...(and don't)



Our mission

- contribute to improving EU financial management
- promote accountability and transparency
- act as the independent guardian of the financial interests of EU citizens



Our duties

- provide assurance
- warn of risks
- indicate shortcomings and successes
- offer guidance to EU policymakers and legislators on how to improve the management of EU policies and programmes

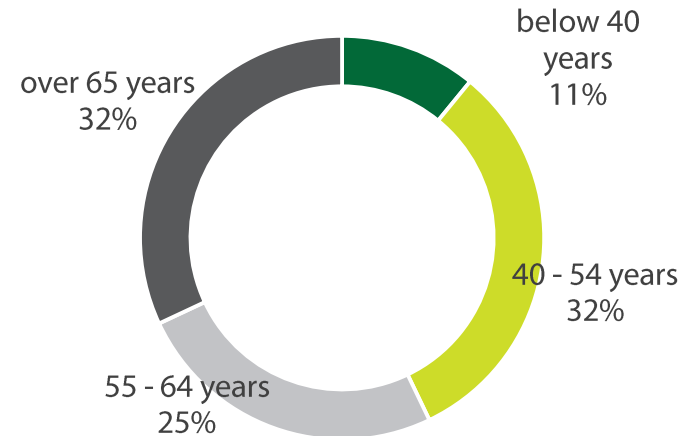


EU agricultural statistics (2016)

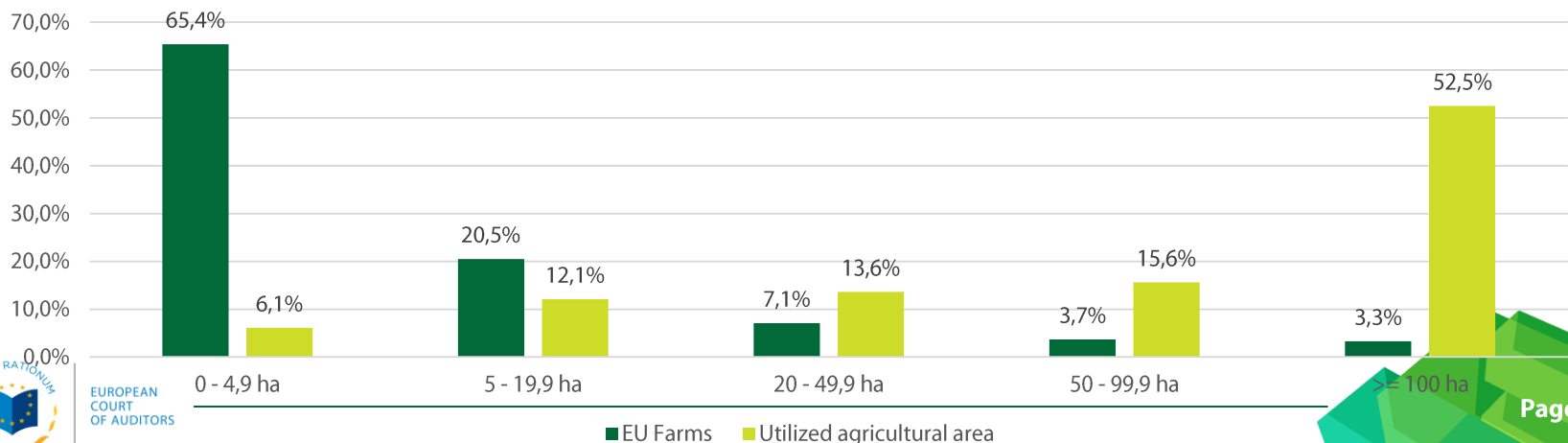


- 171 million ha agricultural land (40% of EU's total area)
- 10,3 million farms (average farm size 16,6 ha)
- 9,5 million full-time persons - agricultural workforce

An ageing farming population – in line with wider demographic trends



Fewer but larger farms



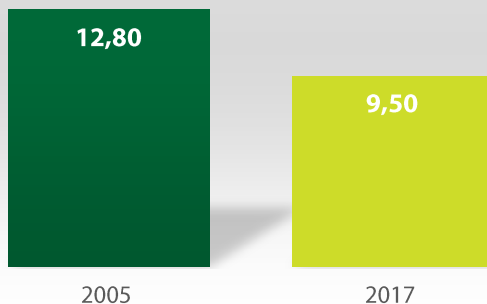


EU agricultural workforce (2017)



A 25% decrease
in agricultural
employment

EU agricultural
workforce
(million FTE)



- ❑ An average farm provides work for less than one full-time person.
- ❑ Two-thirds of the CAP beneficiaries for the smallest farms spend less than a quarter of their working time working on their land.
- ❑ Around 80% spend less than half their working lives on their holding.
- ❑ Only when farm size exceeds 20 ha do full-time managers outnumber those who spend less than 50 % of their working time on their holding.



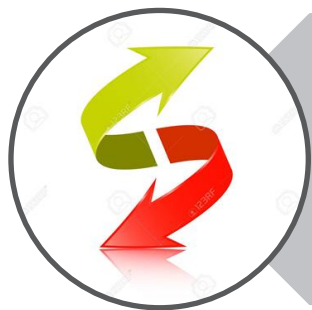
Trends in EU rural areas



Increasing % of GDP per capita compared to the overall economy (73% in 2016, from 70% in 2008)



Declining poverty rate in rural areas (25% in 2016, from 31,4% in 2007)



Stable % of agriculture as a share of GDP (1,5% the last 5 years)



Decreasing trend of EU public support in gross farm receipts (21% in 2016, from 33% in 2000)



Stable % of agriculture in the gross value added (4% the last 5 years)



EU is a (growing) major net food exporter



Thinking CAP

(According to a World Bank report) CAP - linked with...



poverty
reduction

increased
productivity



creation of better
jobs for farmer

reaching poorer
regions of EU



...but trends on environmental protection and climate action raise concerns

Biodiversity decline: farmland birds (30%); grassland butterflies (50%) since 1990

Water quality: nitrogen surplus on EU farmland averages 50 kg nitrogen/ha

Air pollution: ammonia emissions decreased by 23% since 1990 (increase since 2012)

Soil organic carbon: 45% of EU soils have medium content, 45% low or very low content

Greenhouse gas emissions: decreased by 20% between 1990 and 2013, rising after 2014

CORK 2.0 DECLARATION



Rural development performance audits

- 1.Promoting rural prosperity
- 2.Strengthening rural value chains
- 3.Investing in rural viability and vitality
- 7.Boosting knowledge and innovation

- SR 5/2018: Renewable energy for sustainable rural development
- SR 10/2017: EU support to young farmers

- 4.Preserving the rural environment
- 5.Managing natural resources
- 6.Encouraging climate action

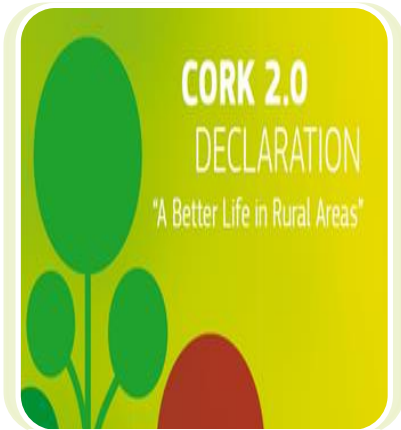
- SR 33/2018: Combating desertification
- SR 25/2018: Floods Directive

- 8.Enhancing rural governance
- 9.Advancing policy delivery and simplification
- 10.Improving performance and accountability

- SR 11/2018: Simplified cost options
- SR 16/2017: RD programming
- (and our Opinion on Commission proposals for new CAP regulations)



Renewable energy for sustainable rural development: significant potential synergies, but mostly unrealised



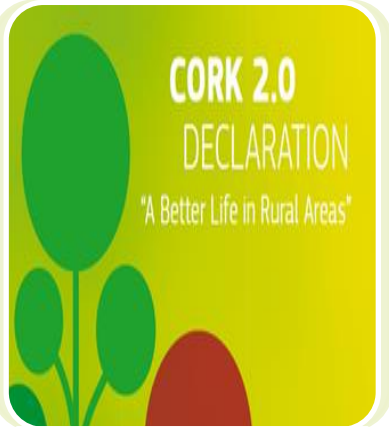
1. Promoting rural prosperity
2. Strengthening rural value chains
3. Investing in rural viability and vitality
7. Boosting knowledge and innovation

- ☐ Take into account the circumstances and needs of rural areas
- ☐ Specify role of EAFRD support for investments in renewable energy
- ☐ Improve information on programme achievements of renewable energy projects
- ☐ Improve selection procedures for viable renewable energy projects



Special Report 10/2017 Recommendations:

EU support to young farmers: to be better targeted to foster effective generational renewal

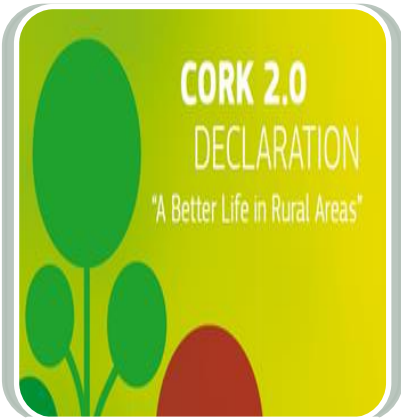


- 1.Promoting rural prosperity
- 2.Strengthening rural value chains
- 3.Investing in rural viability and vitality
- 7.Boosting knowledge and innovation

- ☐ Improve the intervention logic by reinforcing the needs assessment and defining objectives to foster generational renewal
- ☐ Better target measures through improved project selection and use of business plans
- ☐ Improve monitoring and evaluation by drawing on best practices developed by Member States



Special Report 25/2018 Recommendations: Floods Directive: progress in assessing risks, while planning and implementation need to improve



4. Preserving
the rural
environment

5. Managing
natural
resources

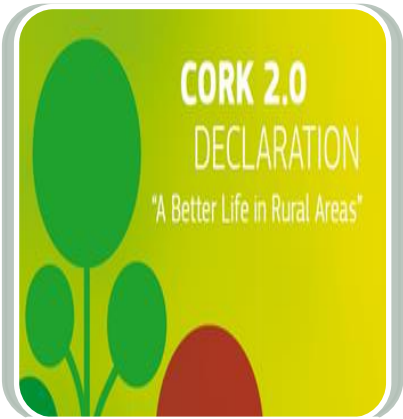
6. Encouraging
climate action

- ❑ Improve accountability of Member States for flood-related actions
- ❑ Ensure new floods infrastructure complies with the Water Framework Directive and analyse the case for complementary green measures
- ❑ Improve knowledge and modelling of the impact of climate change on flood management plans



Special Report 33/2018 Recommendations:

Combating desertification in the EU: a growing threat in need of more action



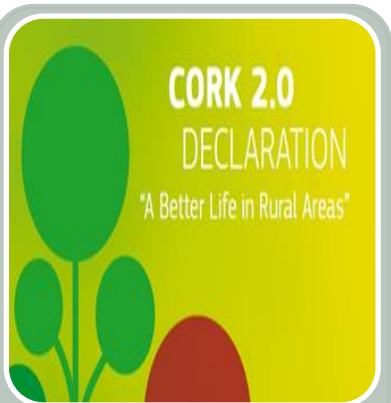
4. Preserving the rural environment
5. Managing natural resources
6. Encouraging climate action

- ❑ Understand and report on land degradation and desertification in the EU
- ❑ Assess the EU legal framework for the sustainable use of soil
- ❑ Support achieving land degradation neutrality in the EU by 2030 (in line with SDG15)



Special Report 11/2018 Recommendations:

New options for financing rural development projects: simpler but not focused on results



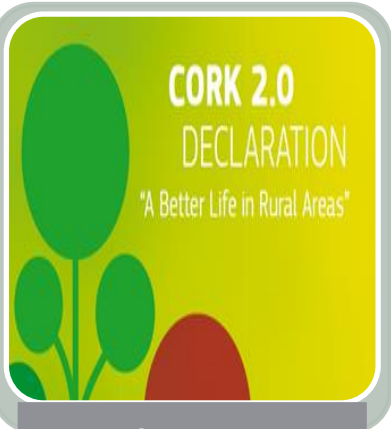
8. Enhancing rural governance
9. Advancing policy delivery and simplification
10. Improving performance and accountability

- ❑ Update guidance on simplified cost options
- ❑ Explore the options for developing more off-the-shelf simplified cost options and update definitions of key and ancillary controls to reflect the use of simplified cost options
- ❑ Examine the potential for moving away from reimbursement of costs incurred towards reimbursement based on results



Special Report 16/2017 Recommendations:

Rural Development Programming: less complexity and more focus on results needed



8. Enhancing rural governance
9. Advancing policy delivery and simplification
10. Improving performance and accountability

- ❑ Simplify the programming documents (11 thematic objectives, 6 RD priorities, 18 Focus areas, 20 measures, 67 sub-measures) (and most MS chose most of them...)
- ❑ Define the various indicators more accurately
- ❑ Consider aligning the long-term strategy with the EU budget cycle and conduct a comprehensive spending review



What is needed to move to a performance based CAP?



**CORK 2.0
DECLARATION**
"A Better Life in Rural Areas"

8. Enhancing rural governance

9. Advancing policy delivery and simplification

10. Improving performance and accountability

- ☐ clear, specific and quantified EU objectives
- ☐ measures that are clearly linked to objectives
- ☐ a fully developed set of output, result and impact indicators
- ☐ reliable and comparable statistics on disposable farm income
- ☐ transparent criteria for assessing the content and quality of the CAP strategic plans
- ☐ performance-based payments to the Member States

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**Thank you
for your attention**