

Understanding the EU-dimension in the frustration of farmers' network groups

Dr. Monica Commandeur
Netherlands



Frustration?

- Farmers engaged in knowledge networks;
- Their project plans were granted (RDP-2);
- They executed their projects (2013-2015);
 - in most cases guided by an independent facilitator;
- Paid all the bills themselves first
 - requested for advance payments of the subsidy;
- Finished and applied for the final affirmation;
 - received a letter saying: the subsidy is reduced!



Outline of the presentation

- Intentions of the EU
- Reality of the farmers' groups
 - Example of a Dutch tender regulation for knowledge networks of farmers and the applied payment reductions
- Overhead costs and motives for payment reduction?
 - With special focus on the payment reductions per project
- Inconsistencies of the EU- regulations
- Conclusions for EIP-Agri operational groups



Our guideline through the analyses

- EU communication about the intention for the budget for the European Agriculture Fund for Rural Development:

“The European taxpayer rightly expects that these sums are correctly spent.”

ec.europa.eu/agriculture/cap-funding/index



Particulars of the example

- Max 80% of the costs up to € 55,000,-- in grant available for each of 62 projects for co-operations involving (at least 2) farmers, engaging in a knowledge exchange networks focussed on innovations;
 - guided by independent project leaders, of whom:
 - 22 employed by former government organisations (fgo's)
(= research institutes and extension agencies)
 - 40 employed by other organisations or self-employed
- Only 1 project did not perform in terms of content – all others did
 - 29 of the 61 remaining projects asked for the max: € 55,000,--
 - 32 asked for less, varying from € 7,000,-- to nearly max; av.: € 43,000,--
- However, payment reduction after project completion was applied
 - which involved 21 of the 61 remaining projects,
 - and varied from € 4,-- to € 55,000,-- (100% of the max); av.: €12,000,--



Is the money rightly spent: overhead

- **Government administration costs**
 - Pre-estimation by the government: 8% of the reference budget (€ 4,400,-- per project); evidence not revealed;
 - Real expenditure: not revealed; anonymous estimates of government worker: 25-35% of the reference budget;
 - 11 of the 21 projects were reduced with less than €1,500,--
- **Administration costs for applicants**
 - Estimates (by government) 8% of the budget (€ 4,400,-- per project) not based on any clear evidence;
 - Estimated by project leaders: about 35-50% (and more) of their time spent for the project;
 - and for a large part not accounted in the project costs



Is the money rightly spent: motives of government for reduction

- Insufficiently pursuing project aims: none (of 61)
- Insufficient knowledge exchange performance: none (of 61)
- Other: all (21 of 61)
 - Insufficient written evidence provided in the final report (i.c. indifferent of the actual situation):
 - that certain activities were executed within the project period;
 - that the co-applicant actively participated;
 - that a certain region had been reached in the knowledge exchange;
 - that some particular expenditures were done;
 - Compensation or wages for the applicants and their employees are not eligible;
 - Costs made between the application date and granting date;
 - EU publication conditions (logo and slogan) not respected;
 - VAT in business transactions are not eligible for granting.



FGO's versus non-FGO's

Performance in knowledge exchange	Total nr fgo	Payment red nr fgo	Total nr non-fgo	Payment red nr non-fgo	Av reduction amount
poor	5	0	15	5	€10,320,--
average	4	2	11	8	€11,652,--
good	13	1	13	5	€15,467,--
Total	22	3	39	18	
Av red amount		€136,--		€ 13,637,--	€11,688,--

- On average fgo's performed not significantly better in knowledge exchange in their projects than non-fgo's, but among fgo's there is 60% change of a good performing one, whereas that is 30% among non-fgo's.
- In terms of payment reduction however fgo's were significantly much better off (much less reduction) than non-fgo's, which was not due to their performance;
- Note: reduction amounts were significantly counter correlated to the performance in knowledge exchange.



Gaps in the fittings

Discrepancies in frames	Fitting with policy purpose	Unfitting with policy purpose
Fitting within legal frame	eligible	(in)eligible?
Unfitting within legal frame	(in)eligible?	ineligible

- **Note 1: The expertise for deciding whether a project fits**
 - with the policy purpose, is not available in the payment agency:
 - An expert group is consulted, but (usually) only before hand: for ranking the project plans, and not afterwards at the final application;
 - within the legal frame, is available in the payment agency, but not in the same department as the office workers:
 - There is a gap between those that can find (potentially) applicable regulations and those that do the interpretations in the context of the applications.
- **Note 2: The competences of the project leaders are lightly assessed**
 - in the context of the ranking of project plans by the external expert group.



Some major inconsistencies

- Contrasts between general compliances according to the EC and the subsequent EU-regulation articles:
 - EC Commission Regulation N° 809/ 2013 versus Curia Decision Judgement Case T305/00 (2003). Conserve Italia versus Commission page II-5694; cl. 94;
- Unclear levels of accountability for the applicants with reference to the conditions of the regulations; lack of framing of:
 - Strict requirements, open conditions, suggesting advises, interpretations, etc.;
- Excessive and unclear regulation articles, and wide choices of article interpretations:
 - “lucky dip” or “grab bag” effect;
- Increasing numbers – in conjunction with decreasing competences, of involved employees both at EU and national government level;
 - including the effects of the widespread “government reorganisation” viruses;
- No democratic, legal procedures available for project leaders to pursue their own interests in relation to the project execution, independent from the interests of the connected applicants;
 - project leaders are not recognised as “independent actors” with own interests.



Lessons learnt for EIP-Agri operational groups

- The attachment of competent project leaders to the operational groups is important for their performance.
- Design of democratic, legal procedures for the project leaders to pursue their own interests in relation to the project execution, independent from the interests of the connected applicants is crucial as well,
 - to ensure, that the grant payments will relate and not counter relate to the project performance successes.
- Focussing on what *“the European taxpayer [or any other resident for that matter] rightly expects”* is a useful handout for the evaluation of the adequate execution of EU-grant payments,
 - If the interests of the taxpayer is understood in a fitting perspective.
 - Procedures (*“soft laws”*) should be open for democratic control by project leaders.
- Final note: in this presentation “performance in knowledge exchange” is assessed by one simple criterion: the ranking of the amount of original knowledge products, accessible on, or by a link on the theme related website, which was especially made available for the purpose.



The end?



Farmers and citizens in discussion about the CAP