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## *Executive Summary*

# **THE EVALUATION OF THE IMPACT OF OVERREGULATION ON THE IMPLEMENTATION OF NRDP 2014-2020**

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## Introduction

The experience from the previous programming period (2007-2013) highlighted the fact that the phenomenon of overregulation can generate incoherence in the implementation of the rural development program, may increase the administrative burden and costs both among the authorities and among the beneficiaries of the NRDP, affect the degree of attractiveness of the various sub-measures and, last but not least, may affect progress in achieving the objectives of the program strategy.

In this context, the purpose of the evaluation study was to identify legal requirements and / or legal provisions that represent elements of overregulation in the implementation of NRDP, as well as to propose simplification measures and to carry out an impact assessment that the proposed actions have had in the 2014-2020 NRDP, in order to reduce administrative burdens for both beneficiaries and authorities. There have been identified as elements of overregulation those requirements/procedures established in the NRDP implementation instruments (e.g. guides, forms, procedural manuals etc.) that have not resulted from the corresponding obligations set out in the European regulations or in the general national legislation, which are not linked to the programming options deriving from the NRDP document and which are not justified under the general principles of regularity and sound financial management of EU funds.

Starting from this delimitation of the concept of overregulation, no requirements / provisions were identified that would affect the implementation of the Program as a whole. However, aspects of the various procedural steps that may lead to difficulties or administrative burdens have been identified either for the beneficiaries or for the authorities involved in the management of the NRDP 2014-2020, the analysis proposing in this respect a series of specific recommendations with the purpose of mitigating the generated effects.

## Methodology of the evaluation study

The proposed methodological approach for the elaboration of the evaluation study regarding the impact of overregulation on the implementation of the NRDP 2014-2020 aimed at a mix of qualitative and quantitative methods, the submitted observations based on the review of the specialized literature, the collection and analysis of the secondary data, the survey based on questionnaires, semi-structured interviews and focus groups, case studies and benchmark analysis.

In order to identify possible viable solutions for reducing administrative burdens in the implementation of rural development programs, the study started from four reference cases, namely the Republic of Ireland and Veneto regions, Tuscany (Italy) and Aragon (Spain), the selection being also made in view of high rates of access to available funds.



## Answers to the evaluation questions

### Identification of overregulation elements

Starting from the above detailed definition, the impact of the overregulation on the implementation of the National Rural Development Program 2014-2020 has been assessed as relatively small, the examination of the issues arising from the analysis of the European and national legislative framework as well as of the data resulting from the application of the quantitative and qualitative research methods, without indicating elements affecting the implementation of the program as a whole.

The only aspect with a cross-cutting impact on the overall implementation of the identified program at the level of the analysis is related to the large number of documents (e.g. certifications, opinions issued by experts needed to analyze the projects) from various public administration bodies that the applicants/beneficiaries must obtain and provide in the application/pre-contracting or implementation phases. There is a general level of dissatisfaction amongst stakeholders regarding the number and frequency with which these documents should be presented. In some cases, the documents were not considered necessary or relevant to certain project categories (such as denial requests from certain public institutions). Applicants / beneficiaries generally request the further development of inter-institutional protocols to enable the program management system to obtain the necessary information directly from the relevant public issuing bodies, thus generating significant time and resource savings for both them and for the staff of the authorities involved in the program management system. Although significant improvements have been made in this direction, protocols already signed with relevant administrations (eg the National Sanitary Veterinary and Food Safety Authority, the Ministry of the Environment) have still required a more general approach at program level to increase efforts in this direction and to generate further improvements.

At a more specific level, the analysis highlighted a number of point-specific overregulation elements, either characteristic of a single sub-measure or, in some cases, applicable to several sub-measures. In the following, we will briefly outline those situations which, in the opinion of the evaluators, are of the utmost importance both in terms of the impact of the requirements on the implementation of the sub-measure (s) and the possibility of their simplification.

- ✚ **In the case of sub-measure 1.1. "Support for Vocational Training and Competence Acquisition"** the analysis revealed that in monitoring the training courses, providers have the obligation to ensure the installation of video cameras at the training venue in order to ensure the possibility of verifying (via live streaming) the way of deployment, and the degree of attendance. This type of monitoring was considered by the suppliers to be heavy, and also, in the opinion of the evaluators, an original but potentially invasive approach.
- ✚ **In the case of sub-measures 4.1 "Support for investments in agricultural holdings" and 4.1a "Support for investments in fruit holdings"** certain documents requested to be submitted at the filing stage



(documents of a public nature) could be obtained directly by AFIR on the basis of inter-institutional protocols. This option could reduce the administrative burden experienced by applicants. However, the simplifications already made and the structure of the funding schemes have led to a high rate of access (and a reduced number of terminated contracts).

- ✚ **In the case of sub-measure 4.3 "Investments for the development, modernization or adaptation of agricultural and forestry infrastructure"**, the complexity of the process of assessing applications for funding could be reduced by setting a minimum monthly threshold sufficiently high to prevent the submission of a large number of projects (including in the first month of continuous filing), which can generate an administrative burden on institutions involved in the evaluation process. At the same time, the request for the submission of certain permits requiring longer production terms (e.g. those listed in the urbanism certificate) may require additional efforts for applicants.
- ✚ **At the level of sub-measure 6.1 „Younf farmers instalation”** the analysis indicated the opportunity to modify the monitoring plan regarding the stage of implementation of the business plan, allowing for the possibility to make changes to the business plan depending on the specifics of the market or the current situation development, while respecting the overall objectives.
- ✚ **In the case of sub-measure 6.2 "Support for the establishment of non-agricultural activities in rural areas"**, the verification of compliance with the eligibility and selection criteria both at the project evaluation stage and in the pre-contract stage (carried out in previous sessions prior to the first payment) overregulation, given that the time interval between the two stages is relatively low and the likelihood of significant changes is reduced. For this sub-measure, but also as a general principle (also applicable to sub-measure 6.5), repeated verification of documents that do not undergo substantial changes over time and can be analyzed in a single step can generate an additional inefficient administrative effort.
- ✚ **At the level of sub-measure 6.3 "Support for small-scale farms development"**, requesting supporting documents (particularly negatives), without taking into account project specificities, can be considered as an additional administrative burden for applicants.
- ✚ **In the case of sub-measure 6.4 "Investing in the creation and development of non-agricultural activities"**, the condition for the procurement procedure, including for ineligible works within a project, can be considered as a restriction affecting the financing of more complex projects whose added value in the environment rural can be bigger.
- ✚ **At the level of sub-measure 7.2 „Investiții în crearea și modernizarea infrastructurii de bază la scară mică”**, the request for the submission of denials by the relevant public authorities was considered as an element of overregulation, while under sub-measure 7.6 "Investing in the creation and development of activities non-agricultural "classification of tourism areas and the concentration of funding to them is an approach that can help deepen the gap between economically advanced and less developed regions.
- ✚ **Sub-measure 19.2 "Support for the implementation of actions under the local development strategy"**: the analysis highlighted an important phenomenon of duplication of procedures related to the eligibility assessment and the selection of project proposals submitted by beneficiaries under the LEADER approach to Local Development Strategies. The proposals are first evaluated by the LAGs and then by



AFIR, without a clear division of competences between the two levels, repeating the same type of evaluation and making the first-level assessment useless. This is a situation of overregulation because it generates a two-tier unnecessary evaluation of project proposals, which affects the speed of implementation and ends with an additional administrative burden for beneficiaries and for the program management system.

### **The impact of the eligibility criteria, the requirements set out in the measure sheets and the selection criteria on the quality of the projects and their contribution to the objectives of the strategy, while considering the prospect of the possible administrative burden**

In general, the eligibility and selection criteria (where applicable) applied in the implementation of the NRDP were considered to be in line with the achievement of the objectives of the strategy, while maintaining an acceptable level of administrative burden for beneficiaries and for the bodies involved in the management system. Both the eligibility criteria and the selection criteria are set out in a participatory way, involving in concrete terms the participation of the Monitoring Committee and its working groups. Changes during the programming period demonstrate constant attention to the management system in ensuring the attractiveness of the sub-measures and an appropriate level of absorption of allocated resources.

All the criteria were considered to be in line with the strategic and operational objectives of the interventions. An important role is played by the innovative selection procedure adopted with the new programming period, based on the "first come, first served" principle with a qualitative threshold for ongoing calls for proposals and monthly evaluation sessions. The approach is based on a prior assessment of the applicant, against a minimum quality threshold set by the MA on a monthly basis. This system seems to be unanimously appreciated for its ability to select the best applications, while guaranteeing a remarkable speed of the selection phase. With some limited exceptions linked to cases where the threshold in the first monthly sessions has been set too low, the system does not appear to overburden from the perspective of the authors the bodies responsible for the enforcement of the procedure. On the contrary, the distribution of the selection task over the year corresponds to the organizational needs of the intermediary bodies, and the possibility to flexibly limit the closing time of the selection process, if necessary, works and is appreciated.

### **Ways to reduce administrative burdens**

Addressing the issues outlined above as being more important in terms of impact and simplification, the evaluators considered that the associated administrative burden could be reduced by applying the following recommendations:

- Organizing a participatory process - involving relevant stakeholders and representatives of beneficiaries / applicants - to assess the usefulness and relevance of each government supporting document in the



implementation, contracting and implementation phases currently required by the procedures in place. As far as possible, the analysis should be done taking into account the different types of projects and sectors of activity applicable within the same sub-measure, and documents finally identified as unnecessary or irrelevant should not be required.

- Continue and intensify efforts to establish collaboration protocols with different public administration bodies, in order to minimize the administrative burden on beneficiaries in procuring and filing these documents. Efforts in this direction should be taken at program level in order to achieve protocols covering the full range of sub-measures of the NRDP.
- Depending on the relevance of the certifications concerned, the frequency of their requests by the intermediary bodies - or the query of the related database when established - should be reduced to a minimum; verifying public information only by sampling can also be taken into account for specific cases characterized by a low risk of irregularities or errors;
- The role and functions of LAGs in the submission and selection phases of sub-measure 19.2 should be reviewed for the next programming period so as to be complementary and integrated into the overall implementation flow. This can be done in two ways:

o Either by fully delegating to the LAG the responsibility for assessing eligibility and selection of applications, based on the procedures and models previously approved by the program's central management system, in line with the practice adopted in other Member States, which is indeed characterized by several structures and institutionalized LAGs;

o Either by limiting the role of LAGs clearly by nominating them as a prioritization factor for applications according to their degree of relevance to the local development strategy. In this way, eligibility assessment and selection (taking into account the prioritization of LAGs) should be under the responsibility of the central management system of the program. This solution, different from the first one, would not be fully in line with the spirit of progressive empowerment of the localities typical of the Leader approach; however, this seems more feasible in the short term, taking into account the characteristics of the LAGs in Romania in terms of size, experience and institutionalization.

## Impact of the simplification measures implemented

Both the previous programming period and the start of the current period, several simplification measures have been adopted to facilitate the effective implementation of the NRDP. Their impact has largely depended both on the timing of the measures and on their nature. Thus, the introduction of earlier measures during the programming period, which mainly focused on the submission stage, facilitated the recording of a high degree of access to funding, while the simplifications that facilitated the implementation of the projects reduced the difficulties formerly encountered by the beneficiaries.



In general, the measures adopted aimed at::

- ✚ Procedural simplifications aimed at reducing the number of supporting documents or phase-out at which the documents must be presented - generally focusing on the simplification of the filing stage. This type of simplification targeted in particular sub-measures 1.1 4.1, 4.2, 6.1, 6.2, 6.4, 7.2, 13 (facilitating in this case the identification of eligible areas through IPA online announcements) and 19.1 (by making meetings and events through the involvement of the NRNR and NFLAG in order to clarify the technical aspects among the potential beneficiaries);
- ✚ Procedural simplifications that focused on the process of implementing projects and reducing the administrative burden faced by beneficiaries. This type of simplification included the introduction of a standard unit cost option (sM 1.1, 4.1a for certified material), the possibility of reducing the economic size of funded holdings with a margin of maximum 15% (sM 4.1, 6.1, 6.3), the introduction of standardized procurement procedure sheets (in the case of CM 4.3 - the observed effect being the reduction of the cases where financial corrections were applied), the adaptation of the calls according to the reality on the field (4.1a being allowed to test the varieties outside the borders as well acceptance of inferior varieties for which difficulties in identifying certified material have been encountered, with sM 6.2 accepting the possibility of renouncing land acquisition) and simplifying monitoring (by removing progress reports from payment procedures in the case of sM 4.3 as well and by reducing the obligation to comply with the basic requirements for non-farmed areas in the case of sM 10.1).
- ✚ Procedural simplifications on the submission system - by adopting on-line submission procedures (simplifying the program implementation) and selection procedures - by adopting a new approach based on pre-scoring and on continuous-sessions with monthly quality thresholds/quarterly (program implementation becoming more regular, constant and easier to monitor).

The impact of these measures regarding the fast, reliable and effective implementation of the NRDP can be further improved by extending their application in the future and to other measures/sub-measures not yet covered by their scope. For example, there are still sub-measures for which the electronic submission of documents is not foreseen (e.g. sub-measures related to measure 19), and the option to use standard unit costs is appropriate to be extended to sub-measures not currently foreseen (such as example sM 1.2, 19.1, 19.3, 19.4).

The positive impact of other simplification measures on the implementation of the NRDP is disputed in some cases. One such example is to simplify the process of applying for funding. Thus, in order to ease the administrative burden at the filing stage, AFIR postponed the mandatory filing of certain documents attached to the grant application for the contracting or even the project implementation stage. This may, in the view of the evaluators, generate the risk of postponing specific problems for a later stage, where the consequences for the implementation of the program may be even stronger, causing the need for revocation of funding and the recovery of undue amounts.





## Conclusions and Recommendations

Starting from the definition for the concept of "overregulation", referring to the rules/requirements/procedures that are under the direct control of the NRDP management system and whose existence is not sufficiently justified, this analysis did not identify important aspects of overregulation which will affect the implementation of the NRDP 2014-2020 as a whole. The NRDP procedures applicable to several sub-measures are generally grounded in EU or national legislation (or reflect aspects decided at the programming stage), or are in any case justified by the principles of transparency, regularity and sound financial management. However, a cross-cutting aspect that is required at the level of beneficiaries is the large number of documents (e.g. certifications, opinions, expert opinions) from different public administration institutions that applicants/ beneficiaries need to obtain and to provide them in the submission / pre-contracting or implementation phases.

In line with the general recommendations and the observations made at the level of the study, a number of specific procedural simplification suggestions for the NRDP 2014-2020 sub-measures were submitted by the evaluators, the most important of which concern:

- ✚ Introducing alternative options to monitor the training course (in the case of **sM 1.1**). At the level of other rural development programs, for instance, as demonstrated by the benchmark analysis, IT tools dedicated to collecting data on participants in training (implemented, for example, in the sub-measure 2.1 at the level of the Veneto region).
- ✚ Introducing the possibility of using standard unit costs (in the case of **sM 1.2**) in order to mainly reduce the effort in analyzing and verifying supporting documents for the costs per participant/ information day. The solution for reimbursement of costs based on standard unit costs under Regulation (EU) 1303/2013 as amended and supplemented subsequently (Article 67) is applicable to both Ireland and the Veneto region.
- ✚ Implementing **sM 2.1**. by using calls for project proposals to encourage access to it, as well as better coordination and synchronization with other NRDP measures.
- ✚ Elimination in the reporting process of the obligation of beneficiaries to submit supporting documents of a public character (e.g. balance sheets, tax returns, land books, APIA declarations etc.) (in the case of **sM 4.1**). At the same time, for the next programming period, it is recommended to consider at the stage of filing the solution applied at the level of the Toscana region, which aimed to simplify this phase by creating stages.
- ✚ Establish a lower minimum monthly quality threshold (in the case of **sM 4.3**) in order to reduce the high workload required by the applications verification and the restructuring of the selection criteria in order to ensure a better division of projects (especially for the agricultural component of the sub-measure).
- ✚ Avoid re-checking at the pre-contracting stage of documents submitted by the beneficiaries at the stage of submission of the application (in the case of **sM 6.2**), checking that the eligibility and selection criteria are maintained could be realized by providing a self-declaration.
- ✚ Synergy with Measure 2 of the NRDP 2014-2020 (in the case of **sM 6.4**) to support beneficiaries through counseling services in the development of business plans and clearer definition of craft activities in the national legislation in order to ensure a more transparent scoring.



- ✦ Increasing the period of support (in case of **sM 6.5**) as well as the granting of a fixed amount per hectare which is not conditional upon a payment made to APIA and a target year of access to the Pillar I schemes to increase the interest in this sub-measure and even its accessibility.
- ✦ Elimination of the requirement for the submission of denials by public institutions (in case of **sM 7.2**) for projects where notices such as hygiene and public health, for example, do not apply.
- ✦ Regular updating of the analyzes regarding the tourism potential of the regions of Romania (in the case of **sM 7.6**) as well as considering the possibility of a distinct financial allocation for rural and mountainous rural areas in order to ensure a balanced access to financing.
- ✦ Developing an information and counseling system on which beneficiaries can better understand their commitment obligations (applicable to M10 and 11).
- ✦ Developing a common inter-institutional approach to how to identify and demarcate the layout units (in case of sM 15.1), it is useful to develop a common IT platform accessible to both the institutions involved in the implementation of the sub-measure and the beneficiaries to facilitate the declaration, updating and verifying the information related to the engagement.
- ✦ Allowing the allocation of a percentage of votes among the partners in proportion to LAG involvement and contributing to SDL development (in **sM 19.1**), replacing the redemption mechanism with the simplified unit cost option (or even lump sums in sM 19.3) and delegating the AFRI with a view to endorsing the evaluation sheets, guidelines and methodologies developed by LAGs for atypical measures, in order to eliminate the blockage encountered in the payment stage (in **sM 19.2**).