



Press Release

Luxembourg, 26 April 2018

New cost options for rural development better, but should be more widely used by Member States, say EU Auditors

A new method of reimbursing the cost of rural development projects is easier for beneficiaries and for those who check the claims, but it should be more widely used, according to a report by the European Court of Auditors. Simplified Cost Options are intended to complement the old system of reclaiming costs incurred, which was difficult and prone to error. Member States may now choose from three additional methods: standard scales of costs, lump sum payments and flat-rate finance.

The auditors examined whether the new options simplify administration, ensure economy, are being widely used and are increasing the focus on policy objectives.

They found that the options had simplified administration, making it easier for beneficiaries to submit claims and saving time during administrative checks. The options can keep project costs under control, but only if set at the right level and based on a fair, equitable and verifiable methodology. However, they do not increase the focus on results. Furthermore, the role of the Certification Bodies in auditing them is unspecified, which creates risk.

The administrative burden may decrease as there is no need to trace every euro back to individual supporting documentation, say the auditors. Beneficiaries provide fewer documents, and the Member State authorities have fewer to check. But use of the new options is limited, mainly because of the diverse nature of rural development projects and the investment needed.

“These new options still cover only a small part of total spending on rural development,” said João Figueiredo, the Member of the European Court of Auditors responsible for the report. “Their success will depend on the Commission’s guidance and on the Member States’ willingness to take up this new form of financing.”

The auditors recommend that the European Commission should:

- update its guidance on Simplified Cost Options to cover key principles for developing methodologies;

The purpose of this press release is to convey the main messages of the European Court of Auditors’ special report. The full report is available on www.eca.europa.eu.

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- clarify who is required to check the methodology and calculations for the new options;
- explore the possibilities for more off-the-shelf options and update the definitions of controls;
- consider moving away from reimbursement of costs incurred towards reimbursement based on results.

Notes to Editors

The aim of EU rural development policy is to help rural areas address a wide range of economic, environmental and social challenges. The EU spends around €14 billion on this policy each year. Rural development spending accounts for around 25% of common agricultural policy spending. Member state co-financing represents a further 7 billion euro annually.

Around half of spending on rural development is based on farmed areas or animal numbers. For the remainder, support may take the form of fixed amounts or percentages linked to activities undertaken, or to the costs incurred by the beneficiary.

Special report 11/2018 “New options for financing rural development projects: Simpler but not focused on results” is available on the ECA website (eca.europa.eu) in 23 EU languages.