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## COVER NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	European Court of Auditors' Special Report N°12/2022: Durability in rural development: most projects remain operational for the period required, but there are opportunities to achieve longer lasting results - <i>Presentation</i>

Delegations will find attached the presentation by the European Court of Auditors on its Special Report 12/2022: Durability in rural development: most projects remain operational for the period required, but there are opportunities to achieve longer lasting results, which will be presented at the Informal videoconference of the members of Working Party on Financial Agricultural Questions on the 29 June 2022.

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29 June 2022

## Special Report N°12/2022:

**Durability in rural development**  
**Most projects remain operational**  
**for the period required,**  
**but there are opportunities**  
**to achieve longer lasting results**



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**Why did we do this audit?**



**What did we look at?**



**What did we find?**



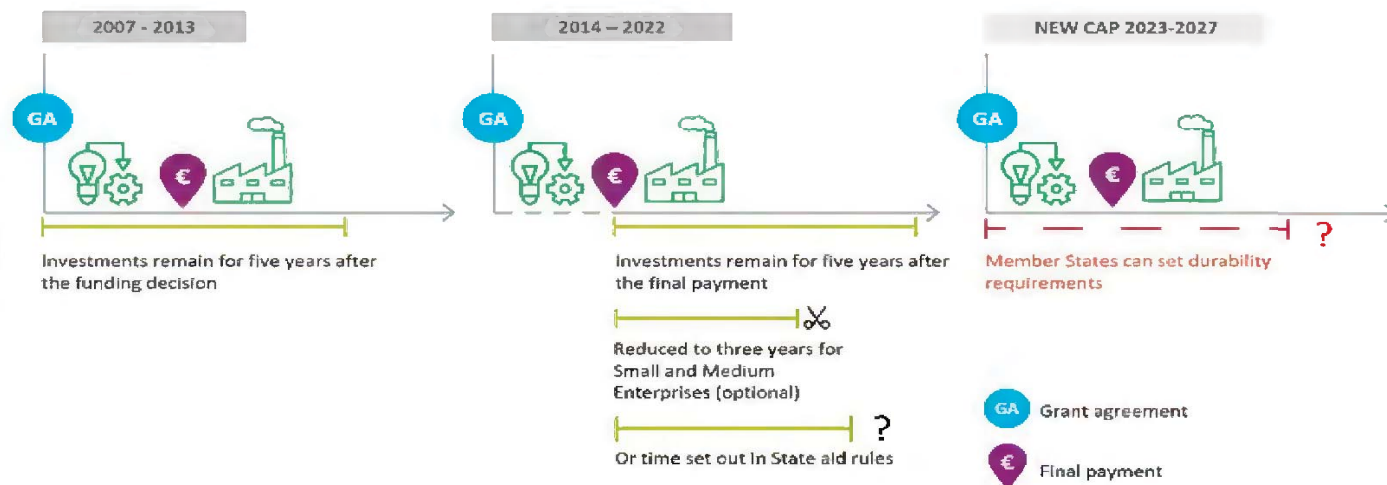
**What do we recommend?**



## Why did we do this audit?

- Since 2007 EU spent more than €25 billion on diversification projects and infrastructure investments (under the Rural Development Programmes)
- Several ECA audits revealed durability issues

### Durability legal requirements



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## What did we look at?



**AT, BG, PL:**  
diversification **and**  
infrastructure  
investment measures

**CZ, HU, FR, EL, IT, LT,  
RO, SK:**  
diversification measures



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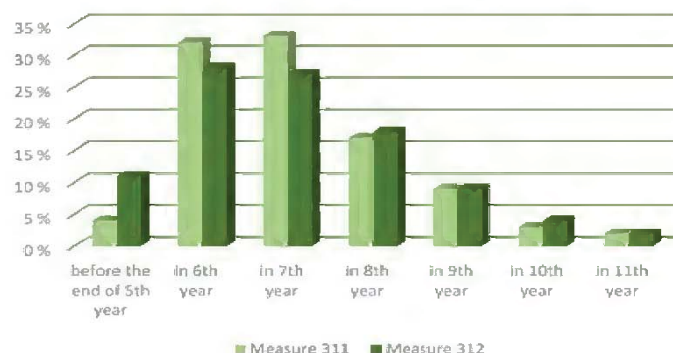


## What did we find?

**Legal  
durability  
period usually  
achieved**

- **Majority of projects still operational:**
  - Infrastructure projects (48): all but one of the examined projects were still in use
  - Diversification projects (88): two third still operational
- **Diversification activities frequently ceased shortly after the expiry of the durability period**

Distribution of Polish beneficiaries who stopped their non-agricultural activity according to the time of cessation (year of operation)



- **five-year durability period of infrastructure Investment**



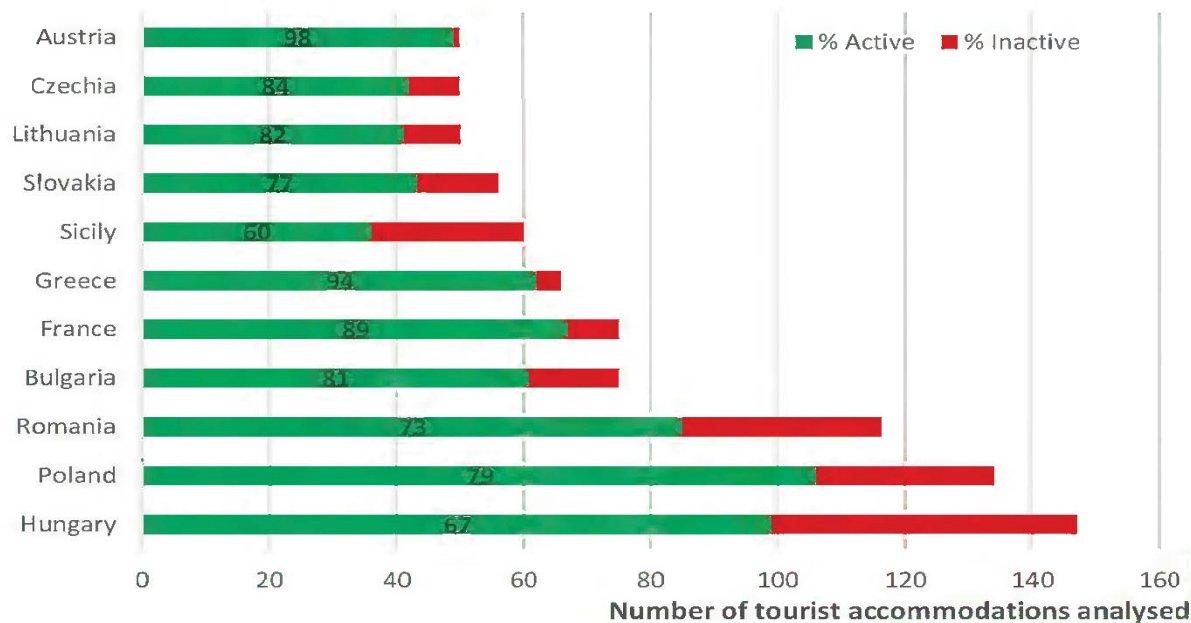


## What did we find?

*Austria, Bulgaria, Czechia, France, Greece, Hungary, Poland, Italy (Sicily), Lithuania, Romania and Slovakia*

- **Tourist accommodation projects (879):**  
80% still operational

**Legal  
durability  
period usually  
achieved**



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## What did we find?

**Some type of  
diversification  
projects are  
less durable**

- One third of the examined projects not operational
- Difficulties to achieve objectives set in the business plan
- Projects not economically viable
- Private use of certain type of supported projects (i.e tourist accommodation, services for farms or forestry)





## What did we find?

**Limited evidence that EU funding brings long term diversification in rural areas**

- Limited diversification opportunities
- Evaluation and monitoring do not sufficiently demonstrate diversification benefits



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## What do we recommend?

### Recommendation 1: Target spending better on viable projects

### Recommendation 2: Mitigate the risks of diversion of funded assets for personal use:

**Better targeting**  
**Stricter rules for**  
**« risky » projects**  
**Use of large data**  
**base for**  
**evaluation**

- facilitate the sharing of best practices: national durability conditions, evidence of continued operations, provisions in grant agreements on the use of the investments for their intended purpose, loans to finance long-term assets
- analyse the use of these best practices and disseminate the results

### Recommendation 3: Harness the potential of large databases for evaluation



# THANK YOU

for your attention!

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