



## Summary and recommendations

The Swedish National Audit Office has audited whether the Rural Development Program for the period 2014–2020 has been designed and implemented in a manner which makes it possible to effectively achieve the objectives of the program.

### Background

The Rural Development Program is part of the efforts to implement the EU's 2020 strategy for Europe, the overall objective of which is smart, sustainable and inclusive growth. The European Structural and Investment Funds (the ESI Funds), which include the Agricultural Fund for Rural Development (EAFRD), are the EU's primary investment vehicle for the 2020 strategy.

In total, approximately 37 BSEK are available for the Swedish Rural Development Program for the period of 2014–2020, of which approximately 60 percent are comprised of Swedish co-financing. The remaining funds in the program come from the EAFRD.

The design of the Swedish Rural Development Program is the result of Swedish policy decisions that are made in accordance with the mandatory requirements of the EU

regulations. The Rural Development Program must fulfil various objectives at both the EU and national levels. The high ambitions of the EU are reflected in regulations that control in detail how the program will be designed and monitored. Several national Government initiatives, such as the Food Strategy, are also included in the Swedish program. Overall, this has resulted in a broad Rural Development Program with many different rural development measures<sup>1</sup>. The administration of the program is complicated, and many people who have applied for support have had to wait a long time to receive decisions regarding support and payment.

In view of the above the Swedish National Audit office has conducted this audit of the Swedish Rural Development Program.

## Questions and points of departure

The aim of the audit is to examine whether the Rural Development Program for the period 2014–2020 has been designed and implemented in a manner which makes it possible to effectively achieve its objectives. The following questions have been included in the audit:

- Has the Swedish Government's choice of measures and allocation of funds created the requisite conditions for achieving the program's objectives in an effective manner?
- Have the Swedish Government and the Swedish Board of Agriculture ensured the production of relevant information regarding results and the effectiveness of the program, and that this information is used?
- Have the Swedish Government and the Board of Agriculture provided the authorities concerned with the necessary conditions for the effective processing of support cases?

The assessments of the Swedish National Audit Office assume that the Rural Development Program should be designed and implemented in accordance with the Budget Act's requirement that in State activities, high efficiency must be pursued and good management must be exercised. Furthermore, the assessments are based on assumption that the goals of the program should be clear, that how they will be achieved should be indicated, and that the monitoring of the program provides information about the achievement of its objectives. Another premise is that conditions should be provided

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<sup>1</sup> Measures are the areas for which support, and compensation can be sought, such as environmental benefits, investments in physical assets, skills development and the expansion of commercial services in rural areas.

that ensure that it is possible to process the support cases with a short turnaround time and at a low cost.

The audit has focused on the implementation of the program by the Government and the Swedish authorities. The authorities concerned are the Swedish Board of Agriculture, the county administrative boards, the Sámi Parliament, the Swedish Forest Agency, and the Swedish Agency for Economic and Regional Growth. The EU level, the system of agricultural support and support to rural development in its entirety, and the support-seeker's perspective have not been included in the audit, nor has the audit aimed to assess whether the objectives of the rural development program have been achieved, because these results are not yet available.

## **The results of the audit**

The overall conclusion of the Swedish National Audit Office is that the Government's design of the Rural Development Program has contributed to a program structure that hinders the ability to meet the objectives of the program. The EU regulations that govern the design are comprehensive and detailed. Given the national scope of action provided by the EU regulations, the Government chose to include a large number of measures in the program structure. This has hampered its implementation and led to increased administrative costs and delays in the payments to support-seekers.

### **Has the Swedish Government's choice of measures and allocation of funds created the requisite conditions for achieving the program's objectives in an effective manner?**

There are several factors which hamper the possibilities for fulfilling the objectives of the Rural Development Program and the ultimate achievement of its intended effects. At the EU level, the objective structure means that the Rural Development Program is expected to contribute to objectives at multiple levels. In addition, the EU regulations are comprehensive, detailed and difficult to apply. The Swedish Government's decision to implement a broad program with a large number of measures contributes to the complexity of the program structure. According to the Swedish National Audit Office, these factors worsen the conditions for achieving the program's objectives in an effective manner. The Swedish National Audit Office also notes that prior to this program period, the Government did not base its design of the program on any strategic basis.

### *The large number of measures hamper effectiveness and the ability to achieve effects*

According to the Swedish National Audit Office, it is difficult to assess which objectives the various measures in the Swedish Rural Development Program should contribute to and which results should be achieved. The EU regulations allow a certain amount of national discretion in choosing which measures (and how many of them) should be included in the national programs. The Swedish Government thus had the opportunity to design a more targeted program with fewer measures, but instead chose to include a large number of measures and a number of national initiatives. The Swedish Rural Development Program is thus expected to contribute to the achievement of objectives at both the EU and national levels.

It is the assessment of the Swedish National Audit Office that with its many measures, small budgets and limited flexibility, the Rural Development Program may complicate the achievement of objectives and the possibilities to achieve effects. The measures in the program are divided into some 90 different areas of intervention, most of which are assigned a budget. Once the budgets are allocated, the sums per area of intervention are small – in some cases as little as less than 4 MSEK for the entire seven-year program period. The fragmentation of the program into many small budgets, which according to the EU regulations may not be moved between areas of intervention without a formal amendment of the program, risks limiting the impact that the measures can have on rural development. In addition, it may mean that the funds cannot be fully utilized and that the desired effects may thus fail to materialize.

### *The program structure entails excess administrative work and increased costs*

It is the assessment of the Swedish National Audit Office that the program structure makes the administration of the Rural Development Program burdensome and thus increases administrative costs. The excess administrative work also threatens to shift the focus away from the achievement of the program's objectives and results.

The complex program structure, with its large number of measures and areas of intervention, leads to excess administrative work for both the Swedish Board of Agriculture and the Swedish authorities concerned. For example, for each area of intervention, terms and conditions for receiving support must be determined, information efforts must be carried out, and specific procedures for the processing of support cases must be developed and applied. Moreover, a variety of information must be

continuously collected and recorded for each area of intervention, in order to meet EU requirements on performance reporting.

### *Lack of regional influence*

Prior to the program period, there were ambitions to take into account regional conditions and to identify rural development need on a regional basis. Partnerships at the regional level were established and regional action plans were developed. However, the Swedish National Audit Office finds that identified regional needs were only taken into account to a limited extent when those parts of the program that apply to enterprise and project support were designed and when the budgets for this support were allocated. Furthermore, the possibilities for regional influence (for example, regarding amendments to the program) are limited during the current programming period. The limited regional influence is likely to reduce interest in the program among regional actors.

## **Have Swedish Government and the Swedish Board of Agriculture ensured the production of relevant information regarding results and the effectiveness of the program, and that this information is used?**

Monitoring and evaluation constitute a significant part of the implementation of the Rural Development Program and should ensure that the objectives of the program can be fulfilled and that funds in the program are used efficiently. In addition, the information should serve as a basis for the forthcoming program period. Monitoring and evaluation are conducted continuously but have so far provided limited information about the achievement of objectives. According to the Swedish National Audit Office, the limited information reduces the possibilities for adjusting the program to improve effectiveness.

### *Resource-intensive performance reporting does not contribute to a better program*

It is the assessment of the Swedish National Audit Office that the value of the extensive information collected for the European common indicators is limited, both at the EU level and at national level. The EU regulations require regular and detailed reporting on the efforts of the Rural Development Program. The reporting is based on a large number of indicators intended to measure results and outcomes. However, according to the Swedish National Audit Office, it is questionable whether the indicators can provide the information on results and effects that are the purpose of the performance reporting. The indicators primarily measure outcomes – for example, number and shares, which do not

say anything about expected improvements and changes. The reporting requirements have meant that the Swedish authorities must devote significant resources to fulfilling these requirements.

Information on actual results and outcomes will not be available until at least 2019–2020. Therefore, according to the Swedish National Audit Office there is a risk that the next Rural Development Program will be finalized without adequate information about the results of the current program period. Because the information gathered thus far is not relevant for assessing the results and effects, it is also uncertain whether it will be possible to use it to improve the current program.

### *The national monitoring provides no information on effectiveness*

A large portion (60 percent) of Rural Development Program's funds consist of Swedish co-financing. Several major national initiatives, such as the Food and Broadband strategies, are conducted within the framework of the Rural Development Program. According to the Swedish National Audit Office, it is therefore reasonable that the performance reporting to the EU be supplemented by national monitoring, in order to obtain information about the extent to which the objectives of the program are expected to be achieved. However, the Swedish National Audit Office notes that thus far, the reporting to the EU has been the focus of monitoring efforts and that this reporting is of little relevance to the assessment of the program's effectiveness. The focus of the ongoing national monitoring has primarily been on application rates and payments to support-seekers. Only in exceptional cases have the evaluations that have been carried out thus far touched on the effectiveness and effects of efforts in the current programming period.

### **Have the Swedish Government and the Swedish Board of Agriculture provided the authorities with the necessary conditions for the effective processing of support cases?**

Shortcomings in several of the conditions necessary for effective processing of support cases have led to problems, including long processing times and long wait times for the payments to support-seekers. According to the Swedish National Audit Office, by extension this affects support-seekers' confidence in the Rural Development Program.

### *A high degree of complexity and flaws in the IT systems hamper processing*

The Swedish National Audit Office finds that the complex program structure, with its many different measures and areas of intervention, as well as extensive performance

reporting, makes the processing of support cases time consuming and resource intensive. In addition, the program structure and performance reporting require that new IT systems be developed for processing and monitoring.

According to the Swedish National Audit Office, flaws in the new IT systems developed by the Board of Agriculture have complicated the processing of support cases. The development of the IT systems has been delayed and the systems have often lacked functionality. The delays in the IT development have meant, e.g., that many applications for support initially could not be processed at all, and that the authorities must still process certain elements in support cases manually. Incremental and delayed implementation has forced processing to await the deployment of necessary functions in the IT systems. Moreover, manual inputting risks errors in the processing of support. The Swedish Board of Agriculture is also unprepared to facilitate the authorities' processing of support cases in the event of IT system delays or functionality deficiencies.

### *The threat of a lack of resources which may further delay processing*

The county administrative boards process the majority of all support applications within the Rural Development Program. In light of the long processing times and the lack of resources anticipated by the county administrative boards, the Swedish National Audit Office considers it reasonable to assume that the problems of delays and long wait times for the payments will persist throughout the program period. The county administrative boards assess the funds earmarked for the government authorities' administration of EU-funded support to be insufficient to cover the entire program period. According to the county administrative boards, the manual processing steps, together with the lack of resources to implement the processing according to the requirements of the EU regulations, entail difficulties. The county administrative boards have therefore requested an increase in funds in order to be able to fulfil their administrative obligations over the remaining years.

## **The recommendations of the Swedish National Audit Office**

The Swedish National Audit Office recommends that the Swedish Government take the following measures to improve the implementation and effectiveness of the Rural Development Program during the forthcoming 2021–2027 program period.

- Ensure that information, based on national rural development needs and including analyses of the impact of different choices in the design of the program, is produced

prior to the start of the next program period. Such a strategic analysis increases the possibility of focusing the program on priority areas and thereby also increases the ability to achieve the objectives of the priority areas.

- Ensure that the national monitoring and evaluation measures are developed so that relevant information about the results of the program is available for planning the next program period. An inadequate basis for planning hinders the ability to design an improved and more effective program.

The Swedish National Audit Office recommends the following to the Swedish Board of Agriculture:

- Continue efforts to develop and improve procedures and guidance, in order to facilitate and streamline the authorities' processing of support cases.
- Ensure that the expected streamlining (with the new IT systems) is achieved, thus reducing the costs of processing support cases in the Rural Development Program and facilitating the administration of the program by the authorities.