

Methodology appendix

to the report The Added Value of
EU Grants in the Netherlands

2022

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1.

About the audit

This methodology appendix to the report *The Added Value of EU Grants in the Netherlands* has been written as a standalone document. Some parts of the report are therefore repeated in this appendix.

1.1 Audit subject

The European Union (EU) provides many billions of euros in grants each year to strengthen the welfare and wellbeing of the member states' citizens. Most of this EU funding is granted subject to "shared management", where both the EU and the national government are jointly responsible for the grants' management and use. The responsible authorities – ministries and implementing bodies designated by them – award the grants to the final recipients.

In the period 2014-2020, the Netherlands received approximately €7.4 billion in EU grants under shared management. They were awarded from 8 funds. 4 ministers are responsible for these funds in the Netherlands, as shown in the table below.

Table B1. Ministers responsible for EU funds

	Responsible minister	EU fund
1	Minister of Social Affairs and Employment (SZW)	European Social Fund (ESF) Fund for European Aid to the Most Deprived (FEAD)
2	Minister of Economic Affairs and Climate Policy (EZK)	European Regional Development Fund (ERDF)
3	Minister of Agriculture, Nature and Food Quality (LNV)	European Agricultural Fund for Rural Development (EAFRD) European Agricultural Guarantee Fund (EAGF) European Maritime, Fisheries and Aquaculture Fund (EMFAF)
4	Minister of Justice and Security (J&V)	Asylum, Migration and Integration Fund (AMIF) Internal Security Fund (ISF)

Based on an operational or national programme approved by the European Commission, the responsible authorities select eligible projects for grant funding.

EU funds under shared management in the Netherlands are, on the whole, spent regularly. Far less is known about the efficiency and effectiveness of grant-funded projects. The responsible minister and the European Commission often have an insight into the outputs the grants deliver (for instance, the provision of information, training courses and investment support) but they do not always know whether a grant-funded project has actually contributed to the intended objective and resolved a social problem. It is also often uncertain whether a grant was actually necessary to carry out a project or whether a project would have gone ahead regardless. Furthermore, the information available on the results of EU grants is fragmentary and usually limited to the results per fund or fund objective. There is no bigger picture of the results.

In our opinion, it is important to know that EU funds are spent not only regularly but also efficiently and effectively and that they have *added value* at project level. This is at the heart of our audit. We also assess the measures the responsible ministers take to target EU grants and whether the ministers have enough insight into the results to steer the use of the money.

Our audit question was:

What is the added value of the EU grants under shared management awarded to the Netherlands, what role do the design and implementation of grant schemes play, and what lessons can be learned to further increase the added value of EU funds under shared management?

This key question was broken down into a series of sub-questions at 3 levels:

- A. the level of the grant-funded projects;
- B. the level of the grant scheme/grant programme;
- C. the overarching level at which grant schemes can be compared with each other.

The sub-questions addressed by the audit were:

A: Does the grant have added value?

- 1. Does the grant achieve its goals?
- 2. What part does the grant play to initiate a project?
- 3. What contribution does the grant make to the grant's goal and resolving the social problem?

B: Has the minister tailored the grant scheme and its implementation to achieve the greatest possible added value?

- 4. Is the grant scheme's goal clearly defined, is the social problem addressed by the scheme clearly defined and does the grant scheme have a clearly defined intervention logic (underlying theory of action)?
- 5. Have the minister's choices (regarding the design of grant schemes, selection of projects and tailoring to the needs) helped achieve the greatest possible added value?

C: What lessons can be learned to increase added value further?

1.2 Audit standards

We applied different audit standards for levels A and B.

A. Level of grant funded projects

Main standard: The grant has added value.

This main standard comprises three secondary standards.

- a. The grant achieves its goals
Standard: A project results in the outputs agreed when the grant was awarded.
- b. Importance of the grant to initiate the project
Standard: The grant leads to extra activities in the area in question.
- c. The grant's contribution to achieving the grant's goal and resolving the social problem
Standard: The project's results contribute to the grant's goal and reduces the social problem addressed by the grant scheme.

B. Level of the grant scheme/grant programme

Main standard: The grant scheme/grant programme is designed to achieve added value.

This main standard comprises two secondary standards.

d. Grant scheme objective

Standard: There is a clear problem definition linked to a verifiable grant objective and there is a theory of action (intervention logic) that explains how the scheme will help resolve the social problem. Use of the grant is consistent with the intervention logic.

e. Design of the grant scheme/grant programme

Standard: The responsible minister tailors the grant's use to meet the needs of beneficiaries, and designs the process so that the most appropriate projects are grant funded. To this end, appropriate selection procedures and selection criteria are in place to ensure that both projects are selected that are best capable of achieving the intended goals and that are the most appropriate projects to deliver the intended results. This secondary standard also requires the minister to have an insight into the achievement of the grant scheme's objective during programme implementation and to make changes where necessary.

The audit assessed compliance with our standards. Based on the assessment, we were able to express an opinion. The audit was therefore an attestation.

The audit was performed in accordance with the INTOSAI Framework of Professional Pronouncements (IFPP) on, inter alia, independence, transparency and integrity (see <https://www.issai.org>).

1.3 Terms and definitions

We used the following terms in the audit:

- *EU grant under shared management*
EU grant whereby the regularity, efficiency and effectiveness of its use are a joint responsibility of the EU and the recipient member state.
- *Added value*
Extent to which a grant delivers outputs (activities to achieve the grant's goal) that, without a grant, would not have been delivered or would not have been delivered in the same way, and the extent to which the outputs achieve the scheme/programme objective and resolve the underlying social problem.

- *Problem definition*
Analysis of the underlying problem that must be reduced/resolved by means of the grant.
- *Operational or national programme*
Programme implementation in the Netherlands to achieve an EU fund's objective in the programming period in question.
- *Indicator*
A parameter to monitor a given characteristic of a programme.
- *Performance indicator*
Indicator to monitor the outputs delivered.
- *Result indicator*
Indicator to monitor a grant's outcomes.

1.4 Audit approach

We investigated how the responsible ministers prepared for, implemented and evaluated the award of EU grants to beneficiaries. To do so, we analysed relevant documents and asked direct questions of the ministers concerned. Based on the information received from the ministers and the document analysis, we collected information on the objectives, goal achievement and budget utilisation of the various EU funds and on the indicators' values. How we analysed this information is explained in chapter 2 of this methodology appendix.

An important pillar of our audit was a survey of successful EU grant applicants. The survey was designed to gain an insight into the added value of EU grants at project level. We held a second survey among grant applicants whose project proposals had been rejected. By comparing the two groups with each other, we were able to identify the importance of EU grants for project implementation. How we carried out the two surveys is explained in chapter 3 of this appendix.

To clarify the survey results, we held in-depth interviews regarding 25 projects. How we held the interviews is explained in chapter 4 of this appendix.

The Court of Audit is subject to section 2.2, subsection 1e of the Open Government Act (WOO) and must accordingly treat the information it collects through surveys and interviews in confidence. Under section 7.41, subsection 2 of the Government Accounts Act 2016 (CW2016), information the Court of Audit obtains in the exercise of its statutory tasks (i.e., audits) is exempt from the WOO. Requests for such information are passed on to the body, person or board that provided it.

2.

The funds

This chapter explains which versions of the national programmes were audited and how we collected information on budgets, payments and utilisation of the various EU funds presented in chapter 3 of the audit report.

2.1 National programmes

We requested information on each of the EU funds we audited from the relevant ministries and public bodies. Our audit covered the (at that moment in time) latest versions of the funds' operational programmes, as shown in the table below.

Table B2. Organisations involved in EU funds in the Netherlands and operational programme versions

Fund	Organisations concerned	Operational programme version
ESF	Ministry of SZW, UVB	3.0
ERDF	Ministry of EZK, North Netherlands Alliance (North management authority)	3.0
ERDF	Ministry of EZK, Gelderland province (East management authority)	3.1
ERDF	Ministry of EZK, North Brabant province (South management authority)	4.0
ERDF	Ministry of EZK, Rotterdam municipality (West management authority)	5.0
EMFAF	Ministry of LNV, RVO	4.1
EAFRD	Ministry of LNV, RVO	7.0
EAGF	Ministry of LNV, RVO	21 February 2021
AMIF	Ministry of J&V	10.0
ISF	Ministry of J&V	5.1
FEAD	Ministry of SZW, UVB	1.1

The operational programme versions we audited were the ones that had been approved by the European Commission at the beginning of 2021. Most of the programmes were subsequently revised. Revisions were not covered by the audit.

2.2 Compilation of financial information

Chapter 3 of the audit report presents information on budgets, declarations submitted and fund utilisation.

Information on fund budgets

Information on the budgets granted to the Netherlands relates to the grant amounts ('national envelopes') promised to the Netherlands from each fund at the beginning of the 2014-2020 programming period. The amount granted from each fund is set in advance for the entire programming period. The national envelope of the European Agricultural Guarantee Fund (EAGF) consists only of direct income support paid to farmers. The budgets of some EAGF programme components, however, are not agreed at the beginning of the programming period, but do entail payments (such as the EU scheme for school fruit, vegetables and milk, which has an indicative budget

allocation). In chapter 3 of the report, we therefore state only the amount declared to the EAGF and not the utilisation. The information presented on the funds' budgets is taken from documents prepared for the programmes (see section 2.1 of this appendix) or from relevant EU regulations (in the case of EAGF).

Information on declarations

The information we collected on the declarations submitted by the Netherlands relates to the amounts claimed from the EU funds and declared to the European Commission. Declarations for some programmes (ESF, FEAD, ERDF and EMFAF) are based on total costs incurred for a project; the European Commission calculates the EU contribution based on these costs. In other programmes (AMIF, ISF, EAFRD and EAGF), only the EU part of the grant is declared to the European Commission.

The declarations presented in figure 4 of the report agree with the ministers' accounts in the National Declarations for 2015-2020 and in the ministerial annual financial statements as from 2020. The figures relate to the costs incurred for the 2014-2020 programming period and were adopted in audit years 2014-2015 to 2020-2021. The funds do not have the same audit year (ESF, ERDF and EMFAF: year-end as at 30 June; EAFRD, EAGF, AMIF and ISF: year-end as at 15 October). The amounts shown in figure 4 of the report for the AMIF and ISF are final amounts, excluding prepayments already declared and settled. The audit authority audited the amounts stated. We did not audit their accuracy.

Information on utilisation of funds

Information on the utilisation of the funds granted to the Netherlands relates to both the grant amounts promised to the implementers of approved projects and the grant amounts actually finalised. The technical assistance budgets adopted in the programmes were added to the awarded project grants in order to gain an overall picture of the funds' utilisation. The utilisation figures presented in figure 5 of the report relate to the period to the end of 31 December 2020. The payments are the cumulative figures as at audit year-end 2020-2021. The figures shown in figure 4 therefore relate to different periods: the declarations relate to a full financial year whereas utilisation relates to the situation as at the end of the 2020 calendar year.

The 4 responsible ministries (SZW, EZK, LNV and J&V) provided the utilisation figures. We compared these figures with statements (also provided by the ministries) of EU funds awarded to projects in the Netherlands between 2014 and 2020. We determined whether the utilisation information provided by the ministries was consistent with the underlying statements. We found a difference between the

utilisation figures for the agricultural funds (EAFRD and EAGF) and the utilisation figures for the other funds.

- In the non-agricultural funds, there were no (or very small and explainable) differences between the figures provided by the ministries and the figures in the statements. Our analysis was based on the amounts in the statements. The AMIF was an exception; the totals we used were provided by the responsible authority.
- In the 2 agricultural funds, we were unable to base our analysis on the information provided by the responsible authorities. In the case of the EAGF, grants were awarded in advance for only a few minor measures; a significant part of the fund was therefore not awarded. Information was available only on payments (i.e., direct income support). Figure 5 therefore presents only the total amount of the EAGF declared. In the case of the EAFRD, the ministry did not have an overall statement of utilisation per measure. Based on information received from the ministry, we calculated the overall amount ourselves. For some measures, the Ministry of LNV provided only an aggregate amount that we could not reconcile at project level.

3.

Surveys

This chapter looks at the surveys we held of 2 groups of EU grant applicants. We then explain how we selected and invited grant applicants to interview and analysed the results.

3.1 Content of the surveys

We first sent a survey to grant applicants whose projects had been approved and completed. This survey was designed principally to understand what added value EU grants had for the recipients' projects at their organisation or enterprise.¹ It enabled us to express an opinion on the added value of a wide range of grant-related matters, including experience with the application and implementation process.

We subsequently sent a survey to grant applicants whose project proposals had been rejected. We wanted to learn from these applicants what happened when their proposals were rejected. This information is indicative of the importance of grant funding for project implementation.

Both surveys included 2 types of questions: multiple choice questions (some with an option to give another answer category) and open questions.

3.2 Selection of grant applicants surveyed

We made a number of choices when we sent the surveys.

- The Fund for European Aid to the Most Deprived (FEAD) and the ERDF Interreg programme were not covered by the audit and therefore not by the survey. FEAD

is a small fund that awarded a grant to only 1 project in the Netherlands. Interreg is a cooperation programme in the border regions; it is hard to obtain information on it as most managing authorities are not based in the Netherlands.

- The greater part of the EAGF, farm income support, was also excluded from the audit. We have previously audited farm income support (and reported on it in our *Report on the National Declaration 2019*). Furthermore, the grants are not linked to projects but have a very generic goal: improving farmers' standard of living. For the same reason we did not audit other generic schemes, such as emergency support for farmers and export restitutions (funded from the EAGF) and farm income support through quality schemes for agricultural products and foodstuffs, and the bad weather insurance scheme (funded from the EAFRD).
- We restricted our audit, and therefore our survey of grant recipients, to projects where the grant had been finalised at the beginning of 2021 (or, in the case of the EAGF, had been paid). After all, a grant recipient cannot comment on a project's results unless the project has been completed.
- We sent the two surveys to grant applicants who wanted to carry out specific measures supported by the 7 EU funds. The selection of measures was based on the following considerations:
 - Spread based on characteristics: type of grant (investment, support or research grant), type of recipient (final beneficiary or intermediary) and a minister's substantive assessment of the project selection.
 - Substantial financial value: only measures receiving substantial grant funding were selected. Small measures that supported only a few projects were not.

The table below shows the measures per fund that we included in the surveys or that were rejected during the selection process.

Table B3. *Selection of measures per fund*

Fund	Measures selected	Measures not selected
ESF	<ul style="list-style-type: none"> • Active Inclusion central municipalities • Sustainable employability enterprises/institutions • Sustainable employability regions and sectors 	<ul style="list-style-type: none"> • UWV • J&V • Social Innovation and Transnational Cooperation • Integrated Territorial Investments
ERDF	All measures except those in the right-hand field	Technical assistance (P5.KVW, TB and ZCORR), and schemes of the North managing authority
EAFRD	Measures 4, 10, 16 and 19 of the EAFRD programme	Measures 1, 3, 17 and 20 of the EAFRD programme
EAGF	CMO for fruit and vegetables	Other parts of the EAGF (including direct income support)
EMFAF	<ul style="list-style-type: none"> • Aquaculture innovation projects • Innovation of landing obligation • Investment in added value of fisheries products • Young Fishers • Academic and fisheries cooperation projects 	<ul style="list-style-type: none"> • Sales promotion • Government contracts • Production and sales programmes • Profit improvement projects • Temporary cessation of fisheries activities • Temporary reduction of production
AMIF	All measures except those in the right-hand field	Specific actions Resettlement and relocation expenditure was also not part of the survey.
ISF	All measures except those in the right-hand field	Specific actions

Practical conditions also influenced which grant applicants we surveyed. Applicants were not surveyed if, for instance, we did not receive an email address from the responsible authority, a project number was not known or the fund from which a grant application was honoured or rejected was not known. The table below shows the number of selected measures per fund and the number of invitations sent to grant applicants whose projects were approved or rejected.

Table B4. Number of measures selected per fund and number of invitations to take part in the survey

Fund	Approved projects		Rejected projects	
	Measures	Invitations	Measures	Invitations
ESF	7,035	4,405	1,479	1,226
ERDF	463	459	716	629
EAFRD	1,184	902	3,365	2,305
EAGF	11	11	1	1
EMFAF	98	52	146	49
AMIF	27	27	83	71
ISF	14	14	0	0
Totaal	8,832	5,870	5,790	4,281

ESF grant recipients constituted by far the largest group to take part in the survey. This is because of the very high number of applicants requesting and being awarded a limited grant of €12,500 for one particular ESF measure. In total, more than 12,800 projects were grant funded for this measure.

The table below shows the response to the two surveys per fund.

Table B5. Response to the survey of approved projects and rejected project

Fund	Approved projects			Rejected projects		
	Number invited	Surveys completed	Response rate	Number invited	Surveys completed	Response rate
ESF	4,405	829	19%	1,226	91	7%
ERDF	459	145	32%	629	116	18%
EAFRD	902	247	27%	2,305	307	13%
EAGF	11	10	91%	1	0	0%
EMFAF	52	20	38%	49	11	22%
AMIF	27	20	74%	71	12	17%
ISF	14	10	71%	0	0	0%
Totaal	5,870	1,281	22%	4,281	537	13%

22% of grant applicants whose project proposals had been accepted responded to the survey and 13% of grant applicants whose project proposals had been rejected did so. In light of the different response rates per fund and the significant differences in the number of respondents per fund, we refer to only the **total population** of respondents in the report. We were aware of the potential distortion that could have been caused by the over-representation of the ESF. We found, however, that the differences among the funds were small.

3.3 Analysis of the survey results

In general, we analysed the survey results on the basis of the categories of answers to the survey's multiple choice questions. In some cases, we improved our analysis by merging answer categories. In the report, we indicate where we did so.

The survey also included open questions so that respondents could comment on their answers. We then identified the most common answers to the open questions (insubstantial answers such as 'yes', 'no', 'don't know' and '?' were ignored). Section 4.5 of the report, regarding grant recipients' suggestions to improve the grant process, is based largely on our analysis of the answers to the open questions. That section also presents suggestions made during the interviews.

In view of the over-representation of ESF grant recipients among the respondents, we sampled between 100 and 110 of the answers given by this group per open question. We analysed all the answers given by respondents awarded grants from other funds.

4.

Interviews

The interviews we subsequently held clarified the answers we received from the surveys. To ensure the interviews had the right balance of variation and uniformity, we selected recipients of grants from 3 EU funds.

We based our selection of respondents for interview on the following criteria.

- We held interviews only with respondents who had completed the survey.
- We selected recipients of grants from the 3 funds (out of the 7) that had the highest response rate to the survey: EMFAF, AMIF and EAFRD.
- We opted for maximum variety of grant measures supported by the 3 funds and maximum variety of substantive survey responses (to identify as many success and failure factors as possible). Regarding the rejected applications, we opted for maximum variety of the consequences of rejection (project was cancelled, amended or implemented without change).
- We selected both grant applicants whose projects had been approved (2/3 of the invitations) and applicants whose project proposals had been rejected (1/3 of the invitations).

1 approved grant applicant we selected also appeared on the list of rejected grant applicants. The interview with this applicant considered both the approved and the rejected project. In total, 24 interviews were held regarding 25 projects.

We held the interviews in person wherever possible. In keeping with the COVID-19 measures, however, 7 interviews were held digitally.

We used questionnaires to ensure that each interview considered the same topics.
We submitted minutes of the interviews to the interviewees for approval.

Appendix

Annex 1 Endnote

1. Recipients of an EAGF grant received a slightly different version of the survey. The EAGF does not award grants to projects but to programmes organised by product organisations. The survey was tailored to the fund's context.

Netherlands Court of Audit
Departement Communication
PO Box 20015
2500 EA The Hague
The Netherlands
+31 70 342 44 00
internationalaffairs@rekenkamer.nl
www.courtofaudit.nl

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