



European Commission  
Directorate-general of Agriculture

# Newsletter

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## Financial management of pre-accession aid (SAPARD)

**On 26 January, the Commission adopted a communication on the financial management of the Special accession programme for agriculture and rural development (SAPARD)<sup>1</sup> in the countries of central and eastern Europe (CEECs). The new rules are based on three principles: full decentralisation of programme management to an agency established under the responsibility of each country, financing arrangements based on differentiated appropriations and the application of the EAGGF Guarantee Section clearance of accounts procedure. These rules are intended to ensure rapid implementation of the SAPARD programme, proper use of appropriations and effective controls. They will also help the applicant countries to get ready to manage Community assistance after accession.**

This proposed financial management system is in line with the principles of the EAGGF Guarantee Section and the relevant external aid provisions. The Commission will shortly be adopting a formal implementing Regulation based on the communication. As the CEECs are third countries, the rules will then need to be laid down in bilateral agreements.

### **An accredited agency in each applicant country**

The Commission proposes that each of the CEECs will set up a SAPARD paying and implementing agency in accordance with rules governing the EAGGF Guarantee Section and with the Regulation coordinating pre-accession instruments<sup>2</sup>. The agency must be accredited by the competent national authority, which will be the National Fund<sup>3</sup>. The Commission will verify accreditation on the spot. Once this has been done, and the Commission has adopted the programme, the first annual Financial Memorandum can be signed and Community financing will be transferred to the National Fund. The National Fund will act as the sole go-between for financial transfers and communication of the Commission and the paying agency.

This will mean that all management tasks, from the project selection stage right up to payments to final beneficiaries, will be devolved from the Commission to the CEECs. Although substantial, this degree of decentralisation is compatible with the provisions governing external aid; it reflects the principles of the EAGGF Guarantee Section, which gives Member

States full responsibility for management. Decentralisation is essential, in the context of the SAPARD, because the programme will be helping to finance such a large number of mostly fairly small projects. However, the Commission will retain general control and responsibility for the process as a whole.

### **A suitable financing method**

Another feature of the system is that payments do not need to be made and entered in the accounts on the date when the appropriations are committed. This technique, known as "differentiation of appropriations" is applied as a rule to Structural Fund spending in the Member States and to external assistance for multi-annual operations. It will enable the paying agencies to obtain Community financing up to the end of the second year after the resources have been committed. It may also help to avoid major underspending in the early years of the programmes.

### **Effective controls through clearance of accounts**

The Commission is also proposing to apply the principles of the clearance of accounts procedure to SAPARD operations. This procedure has proved its worth in the Member States in connection with the EAGGF Guarantee Section (see Newsletter No 18). The procedure provides for an independent body to certify the accuracy of the annual accounts of the paying agency. The Commission will also check that expenditure complies with SAPARD rules, in particular through spot checks. Financing may be refused for expenditure that is found not to comply. Moreover, flat-rate corrections will be applied when an agency has not carried out proper checks.

(1) SAPARD Regulation (EC) No 1268/1999, implementing Regulation (EC) No 2759/1999 and Decision on annual allocation between countries (1999/595/CE). See also Newsletters No 14 and No 19.

(2) Regulations (EC) No 1258/1999, No 1663/95 and No 1266/1999.

(3) A National Fund was set up within each CEEC's Ministry of Finance for the purposes of managing the PHARE programme.



## Progress with rural development plans for 2000-2006

Most of the Member States had presented their rural development plans for 2000-06 to be part-financed by the EAGGF Guarantee Section by the 3 January 2000 deadline<sup>1</sup>. The plans were drawn up for the first time in accordance with the new rural development policy, i.e. taking an integrated approach that involves considering all the assets and drawbacks of the rural areas, and the manifold functions of agriculture in interaction with the environment and the economic and social fabric of the countryside.

The strategies and measures proposed will be studied over the next few months. The measures chosen reflect the wide variety of situations in rural areas. The only type of measures compulsory in all programmes are agri-environmental measures, which feature prominently in the plans.

Once the Commission has received the plans, it has six months to consider whether they comply with the rules<sup>2</sup> and objectives of rural development policy and whether they are consistent and compatible with the other Community policies and instruments, in particular the market organisations. After talks with the Member States, the Commission will present a draft decision to the Management Committee on Agricultural Structures and Rural Development and

will adopt a decision in accordance with the rules in force. The rural development measures will come into operation as soon as the plans have been approved. In case of duly justified need, the Member States may propose changes once a year<sup>3</sup>.

Rural development plans under the Guarantee Section also cover Structural Funds Objective 1 regions, where they concern only the CAP accompanying measures (agri-environmental measures, early retirement, afforestation and less-favoured areas). Other rural development measures in those regions (e.g. investment aid or start-up aid) must be incorporated into Structural Fund programming and are financed by the EAGGF Guidance Section. Some of the Objective 2 areas, in the Member States that have chosen to incorporate EAGGF Guarantee Section measures (other than accompanying measures) into the regional programmes of the Structural Funds, are not concerned.

(1) About 80% of some 70 plans expected

(2) Rural development Regulation (EC) No 1257/1999, implementing Regulation (EC) No 1750/1999, transition rules Regulation (EC) No 2603/1999.

(3) Article 35 of Regulation (EC) No 1750/1999.

### In brief

#### Promotion of quality beef and veal

On 25 January the Commission adopted fourteen action programmes in eight Member States (see table) to promote and market quality beef and veal for the 1999/2000 marketing year. Spain has also presented programmes, which are currently under consideration. The total cost of the promotion measures is almost € 12 million, some 60% of which is covered by the Commission. The purpose of these measures is threefold: to

improve consumer confidence in quality beef and veal, to inform the public of full and independent checks on beef and veal production (from producers to consumers) and to increase the market share of beef and veal. Marketing strategies vary according to Member State, but always revolve around those three themes. Promotion measures include radio and television advertising campaigns, dissemination in magazines and newspapers, point-of-sale marketing measures, public relation measures and participation in trade fairs.

Member States	Belgium	Germany	France	Ireland	Italy	Netherlands	Austria	United Kingdom
Total (in €)	633 333	2 500 000	2 695 461	960 084	2 165 329	995 102	366 667	1 633 333
EU contribution (60%)	380 000	1 500 000	1 617 277	576 050	1 299 197	597 061	220 000	980 000

#### Report on prospects for agricultural markets 1999-2006

In December 1999 the Directorate-General for Agriculture published a report on the prospects for agricultural markets in 1999-2006, giving an overview of market trends and long-term projections of supply and demand. After reviewing the decisions taken for CAP reform under Agenda 2000, the report provides a picture of market prospects to 2006 in the EU (arable

crops, oilseeds, meat, livestock, milk and milk products). It then describes the likely prospects for agricultural markets in the Central and Eastern European countries which are candidates for accession to the EU. Finally, it presents medium and long-term prospects for agricultural world markets. The report is available on the Agriculture DG website (see below).



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