



European Commission
Agriculture and Rural Development



Preparation of Western Balkan countries for IPARD (Instrument for Pre-Accession Rural Development Component)

Management of IPARD programmes and legal and administrative
conditions for setting up an IPARD Agency

4 - 5 SEPTEMBER 2008

W. Schiessl, DG AGRI

This presentation should give an idea of how IPARD programmes are managed and which legal and administrative conditions are required for managing them by:

- showing the basic principles which govern the implementation of the Community assistance
- explaining the legal instruments on which this implementation is based
- identifying the administrative structures to be set up by Candidate Countries to implement the programmes on a decentralised basis

Basic principles for the management of IPARD programmes

Decentralised management:

Management is conferred by the Commission to beneficiary country under the following conditions:

- segregation of duties,
- establishing an effective system for the internal control of management operations,
- establishing clear procedures for the management of aid,
- independent external auditing
- transparent, non-discriminatory procurement procedures for work, services and supplies

Basic principles for the management of IPARD programmes

Co-financing:

- Each action supported by the Commission needs national co-financing
- Community money and national money shall be paid simultaneously to the final beneficiary
- In no case can Community money be paid before the national money is paid
- Commission is applying clearance of accounts procedures to ensure that the funds are used in accordance with the applicable rules

Basic principles for the management of IPARD programmes

Programming:

- Commission money under IPARD is only spent by means of a programme (IPARD programme)
- The programme is the strategic framework under which Community and national assistance are implemented
- It is established by the beneficiary country and approved by the Commission
- Its “guardian” is the Monitoring Committee, a body attached to the programme in which authorities and stakeholders meet to decide on modifications, reports etc.

Basic principles for the management of IPARD programmes

Implementation:

- The programme is implemented by the beneficiary country (IPARD Agency)
- Commission is reimbursing payments made by the IPARD Agency to final beneficiaries
- Each payment made to final beneficiaries must be evidenced by original receipted invoices
- IPARD Agency can only pay expenditures incurred by the final beneficiaries if they are covered by the provisions of the programme (eligibility of expenditure)
- The Commission is applying conformity clearance procedures on an ad-hoc basis:
Financial corrections following:
 - ✓ irregularities (including fraud)
 - ✓ weaknesses in internal control systems

Basic principles for the management of IPARD programmes

The IPARD programme belongs to the beneficiary country

However, the Commission is responsible for the correct use of its own funds

Legal framework - Commission

- Article 49 of the Treaty on European Union – legal basis for enlargement
- Financial Regulation of the Commission
- IPA Regulation and IPA Implementing Regulation
- Rural Development Regulation for Member States



Legal framework – Commission + beneficiary country

International bilateral treaties:

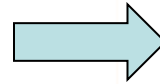
- Framework Agreement, applicable to all IPA components
- Sectoral Agreement, applicable to IPARD assistance
- Multi-annual Financing Agreement (MFA)

IPARD Programme

Legal Framework **- Commission + beneficiary country**

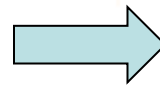
IPARD

Financing decision (Art. 75.2 of FR
and Art. 8(1) of IPA IR)



Commission decision adopting the
programme

Budget commitment (Art. 75.2 of
FR and Art. 39(1) of IPA IR)



Commission after programme
decision is adopted

Legal commitment
(Art. 77.1 and 78.2 of FR and
Art. 39(2) of IPA IR)



Multi annual financing agreement
(MFA)
implemented according to the
provisions in
- *rural development programme*
- *framework agreement*
- *sectoral agreement*

Framework Agreement, applicable to all IPA components

- Each individual FwA constitutes the legal basis for the cooperation between the Commission and the beneficiary country under IPA.
- The content follows from the IPA Regulation and the IPA Implementing Regulation
- FwA to set out the general rules for cooperation.
- Covering all the 5 components, one single FwA per country, therefore no component-specific details.
- More detailed clauses in Sectoral and Financing Agreements.

The Sectoral Agreement (SA) (Art. 7.1 of Reg. 718/2007)

- complements the Framework Agreement (FWA)
- only for IPARD
- includes provisions for fully decentralised management
- provides detailed rules for the implementation of the rural development programmes under decentralised management after conferral of management to the beneficiary country's authorities
- FWA and SA constitute budgetary acts within the meaning of the Financial Regulation and can, as such, be concluded by the responsible Authorising Officer
- to be concluded with each IPARD beneficiary country

Multi-annual Financing Agreement (MFA)

- constitutes the legal commitment of the Commission in the sense of the financial regulation
- First MFA includes the amounts for 2007 – 2009 and will be modified each year to take account of the allocations in the MIFF's three forward-rolling years
- second MFA will add the year 2010
- has to be concluded with each candidate country

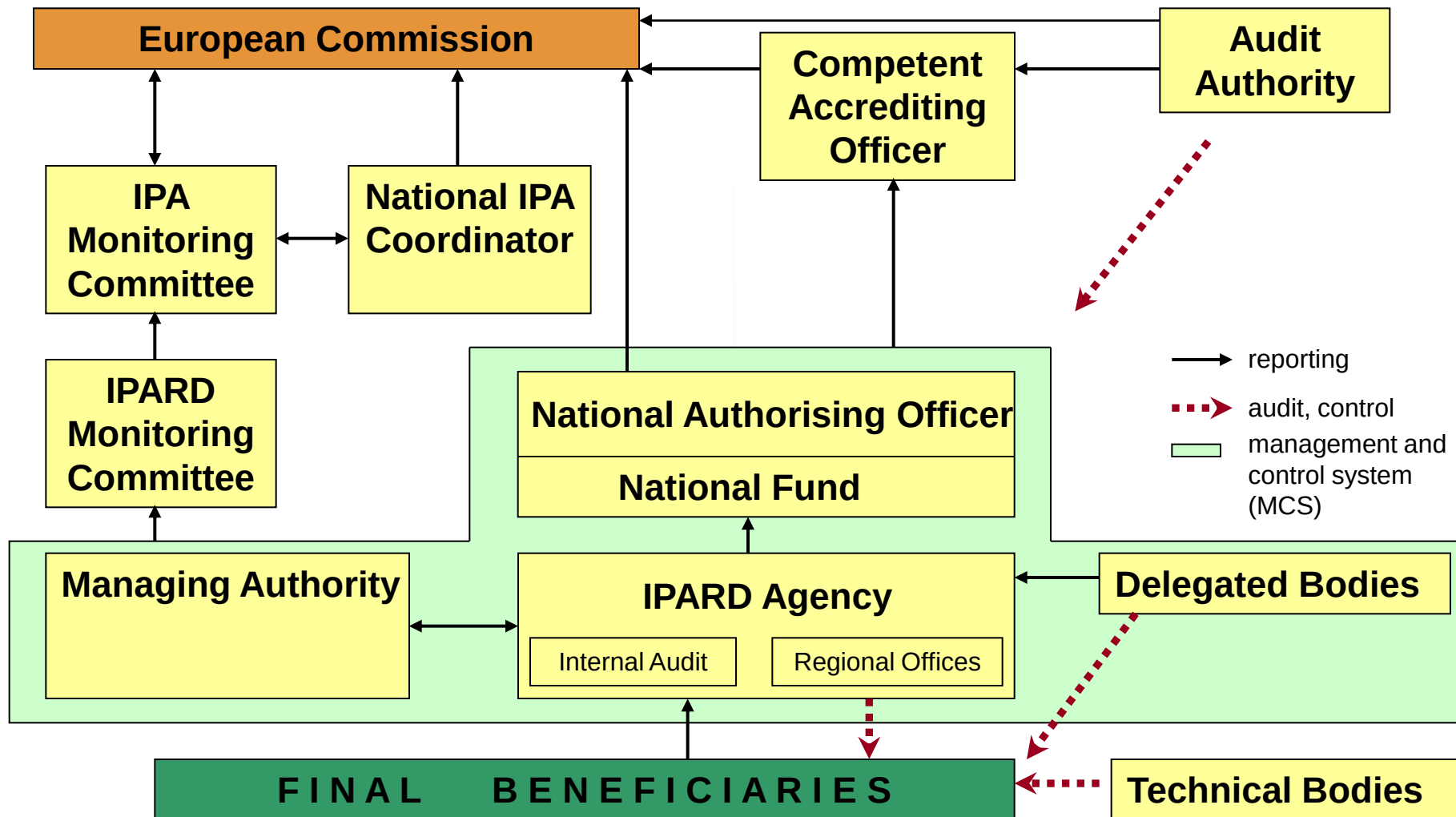
Before implementation of IPARD can start:

- FA must be concluded
- SA must be concluded
- Programme must be adopted
- Conferral of management decision must be adopted
- Financing agreement must be concluded

Administrative structures



European Commission
Agriculture and Rural Development





administrative structures and its functions



European Commission
Agriculture and Rural Development

General Functions	Specific Functions	NAO / NF	Operating structure	
			IPARD Agency	M.A.
Managing Function	Monitoring			x
	Evaluation			x
	Reporting			x
	Coordination			x
Implementing Function	Selection		x	
	Publicity		x	x
	Assurance	x		
Paying Function	Authorization & control of commitments		x	
	Authorization & control of payments	(x)	x	
	Execution of payments		x	
	Accounting for commitment and payment	x	x	
	Treasury	x		

- set up by the beneficiary country
- need to be adequately staffed
- have to follow the rules of segregation of duties, internal control
- must be provided with clear responsibilities and procedures

- Functionally independent from all IPARD actors
- Audits in compliance with international generally accepted auditing standards
- Responsible for verification of management and control systems + assessment of reliability of management financial and accounting information presented to the Commission