



European Commission
Agriculture and Rural Development

Agriculture and Enlargement



Zagreb, Croatia, 12 - 13 June 2009

Pre-accession support for the agricultural sector - IPARD

Werner Schiessl, Zagreb, 12 June 2009

Scope of presentation



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IPA = The Commission's instrument to prepare enlargement

IPA-RD = The Commission's answer to the challenges of enlargement in agriculture and rural areas

- objectives
- programme
- implementation

IPA = Instrument for Pre-Accession

- is supporting candidate and potential candidate countries “in their progressive alignment with the standards and policies of the European Union **with a view to membership**”
- Financial envelope allocated for the period 2007–2013: 10.2 billion € (at 2004 prices)

IPA – Components & Beneficiary Countries



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1. Transition Assistance & Institution Building

2. Cross-Border Cooperation

3. Regional Development

4. Human Resources Development

5. Rural Development (IPARD)

**Albania, Montenegro
Bosnia and Herzegovina,
Serbia and Kosovo (under
UNSCR 1244)**

**Croatia, Turkey
Former Yugoslav
Republic of
Macedonia**

IPARD = Instrument for Pre-Accession – Rural Development

- is being implemented by multi-annual programmes
- in a fully decentralized manner
- Financial envelope allocated for the period 2007–2013: ~ 880 million € (2007 - 2012)



IPARD Objectives

- Support in policy development as well as preparation for the implementation and management of the CAP
- In particular by contributing to sustainable development of the agricultural sector and rural areas in the candidate countries
- and by contributing to the candidate countries' preparation for the implementation of the CAP and related policies

IPARD programmes

- multi-annual programs, covering 2007 – 2013
- include a thorough analysis of agriculture and rural areas of the candidate country (SWOT analysis) including an in-depth analysis of the sectors concerned (meat, dairy etc.)
- define objectives to be met and a strategy to be followed for reaching those objectives
- provide a set out of 9 available measures under three priority axis for the implementation of the defined strategy
- contain indicators and targets with which the progress, efficiency and effectiveness of the programs can be measured



Priority Axes

- **Axis 1** Improving Market Efficiency and Implementation of Community Standards
- **Axis 2** Preparatory Actions for Implementation of the Agri-environmental Measures and Leader
- **Axis 3** Development of the Rural Economy



IPARD program



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Measures available under IPARD

Under Axis 1

- assist farms to restructure and to upgrade to Community standards
- setting-up of producer groups
- support food industry to restructure and to upgrade to Community standards

Under Axis 2

- actions to improve the environment and the countryside
- support of local rural development strategies

Under Axis 3

- rural infrastructure
- diversification and development of rural economic activities
- improvement of training
- **Technical Assistance**



IPARD program



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- **Measures are a selection of the wide range of support open to Member States**
- **Selection is based on the experience made under SAPARD**
- **Candidate Countries can decide on the measures to be supported according to the strategy of the program**
- **Experience has also shown that support for farm investment and food industry as well as diversification is easiest to be implemented**



IPARD program



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- **Axis 2 measures need longer preparation and are more complicated – should be implemented only after a certain experience is gained with IPARD support**
- **the implementation of the measures differs slightly from those under rural development for Member States**

Program implementation

- **The IPARD program is implemented by the Candidate Country**
- **For its implementation the Commission is using “decentralized management”**
- **However, before the program can be implemented the Commission must confer the management of the program to the Candidate Country**
- **The Commission is applying a wide range of ex-post controls (clearance of accounts, conformity audits)**

IPARD program implementation



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The implementation is guided by the provisions laid down in **agreements**

Member States



Regulations, directives, decisions

Third countries



Bilateral agreements

under Component V

Framework Agreement (FWA)
Sectoral Agreement (SA)
Multi-annual Financing Agreement (MFA)

The Multi-annual Financing Agreement (MFA)

- the legal commitment of the Commission to spend EU-budget funds for the implementation of a specific IPARD program
- is being implemented according to the provisions laid down in the FWA, the SA and the IPARD program
- contains the amount of EU-money provided for the program and the delays when the committed money is lapsing if not used by the CC

Framework Agreement (FWA)

- *general rules for cooperation with beneficiary third countries*
- *harmonised approach applicable to all five components*
- *general description of the management structures and authorities*
- *general description of accreditation and conferral of management powers*
- *description of general rules on Community financing*
- *its annexes describe the functions and common responsibilities and contain templates for audit-related reports and opinions*
- *has to be concluded with each candidate and potential candidate country*

The Sectoral Agreement (SA)

- complements the Framework Agreement (FWA)
- only for IPARD
- includes provisions for fully decentralised management
- provides detailed rules for the implementation of the IPARD programs
- to be concluded with each IPARD beneficiary country

The provisions of the FWA and the SA are:

- based on the provisions to be applied for structural funds and rural development assistance of the EU to Member States
- are tailored to the needs for decentralized management
- are combining the newest auditing and accounting standards
- the principle of programming is one of the most effective ways for providing assistance

Structures and authorities to be set up for IPARD

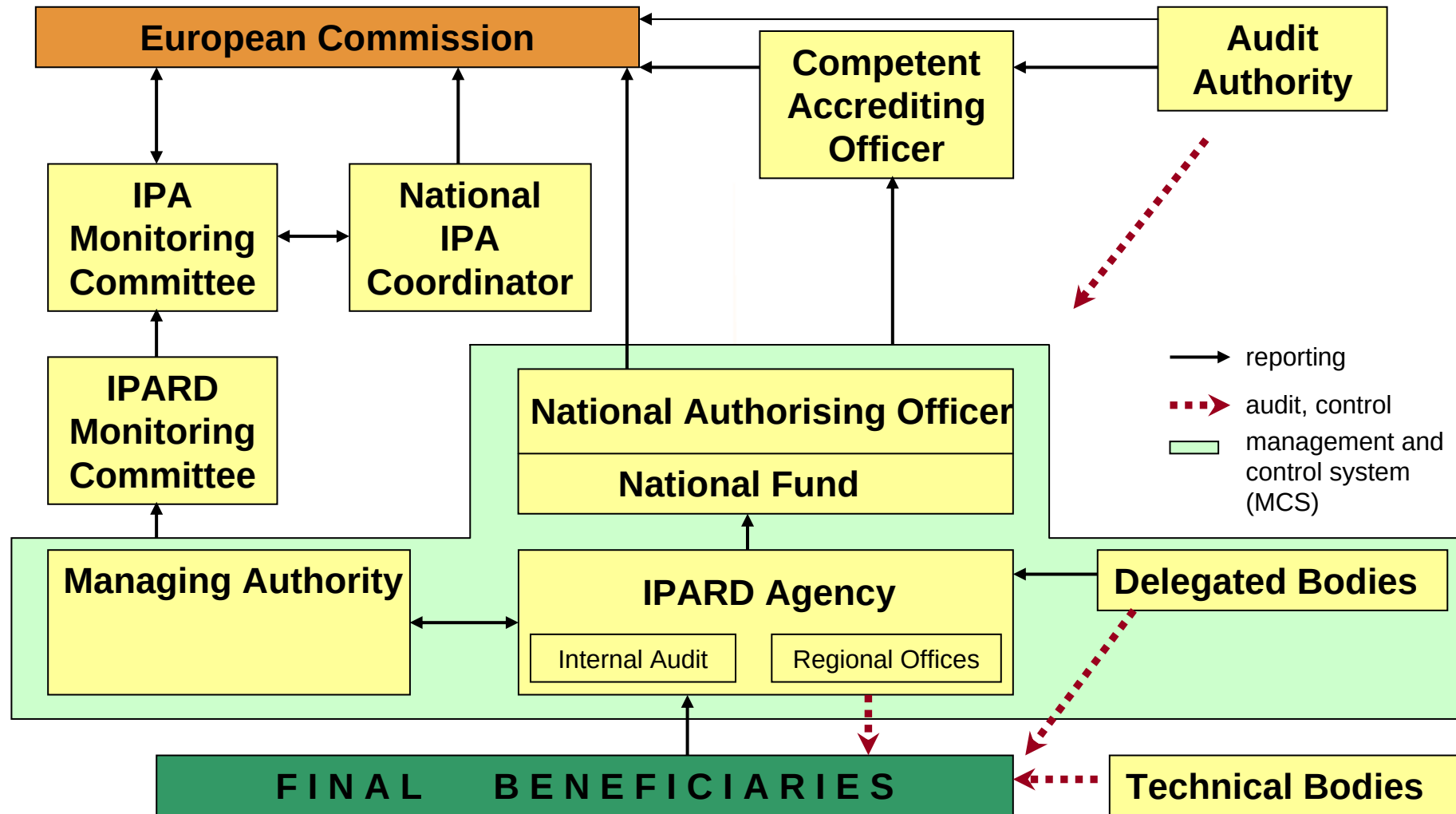
- National IPA Co-ordinator (NIPAC)
- Competent Accrediting Officer (CAO)
- National Authorising Officer (NAO)
- National Fund (NF)
- Operating Structure (OS)
- Audit Authority (AA)

- Monitoring Committees

IPARD program implementation



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Basic financial management rules

- All activities under IPARD require co-financing
- EU is only co-financing expenditure actually paid to final beneficiaries
- Candidate Country (National Fund) opens an euro account for IPARD bearing interest at minimum discount rate of Central Bank

Basic financial management rules

- Commitment made in the Commission budget for a country will expire if not used after 3 years “(n+3) rule”
- Payments from Commission consist of pre-financing payment, interim payment, payment of final balance
- Payments shall be made in euro to euro account. Final beneficiaries have to receive total amount of public contribution in due time and in full
- Commission will only pay claims signed and certified and submitted by the NAO. They shall be submitted 4 times a year and shall contain the expenditure incurred during the previous period.



Eligibility of expenditure

- **Expenditures** are only eligible for reimbursement by the Commission after management is conferred by the Commission
- **Taxes, customs and import duties**, purchase, rent or leasing of land and existing buildings, fines, financial penalties, operating costs, second hand machinery and equipment, **bank charges, contribution in kind, purchase of agricultural production rights, of animals, of annual plants and their planting, maintenance**, depreciation and rental costs and **costs incurred by public administration in managing and implementing assistance** are not eligible for EU funding
- Eligible are also the costs of services, supplies and works costing more than an amount equivalent to € 10 000 for which the beneficiary has obtained quotations from **at least three suppliers** (the so-called “three offer rule”)



Eligibility of expenditure

- Investment projects shall remain eligible for EU financing provided they do not, **within five years** from the final payment by the IPARD Agency, undergo a substantial modification
- In case of an exceptional natural disaster Commission may authorise a derogation from certain provisions



Conclusion:

- IPARD is tailored to the needs of decentralized management and is the best preparation for accession
- its provisions are combining the newest auditing and accounting standards
- the principle of programming is one of the most effective ways for providing assistance
- the measures have proven their value for the development of agriculture and rural areas



IPARD program implementation



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but in order to make IPARD going and successful:

- Rural areas and agriculture need the commitment of the general public, of the politicians and of the responsible authorities
- This commitment should result in a national rural development policy
- Which must be understood as part of overall spatial planning
- Only then the preparation for IPARD can start and the program will be successfully implemented