



The Paying Agency for the implementation of IPARD programs – its principles, role, functions, duties and links with other IPARD actors now and after 2014

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Outline

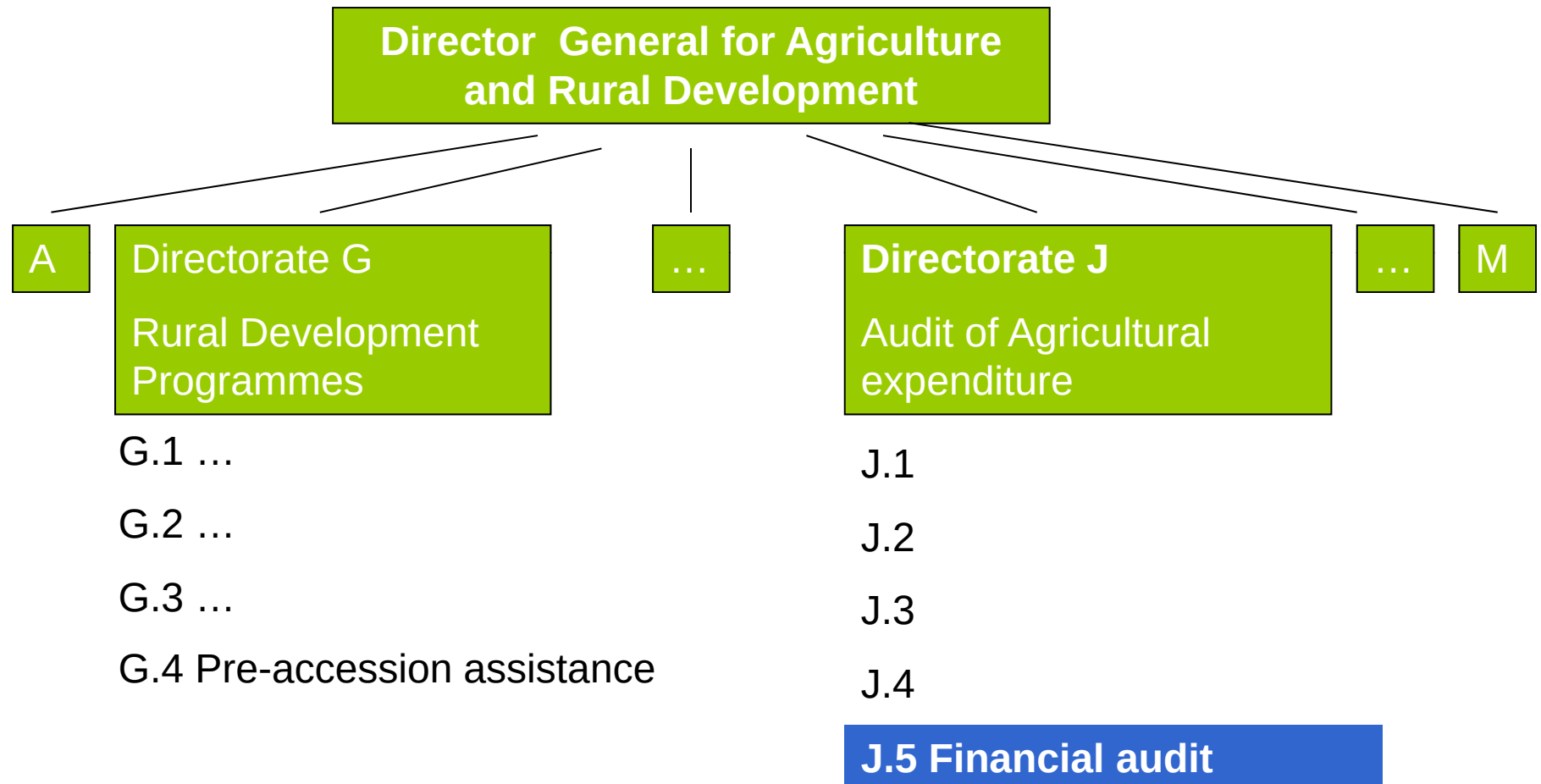


Outline

- DG AGRI.J.5
- IPARD I (2007-2013) Context
- A renewed instrument for pre-accession assistance (IPA II)
- IPA II (2014-2020)
- IPARD Agency(2014-2020)
- Conclusions

DG AGRI.J.5

Who are we?



IPARD I (2007-2013) Context

IPARD Legal background

Council Regulation (EC) No 1085/1999 of 17 July 2006

Commission Regulation (EC) No 718/2007 of 12 June 2007

« Financial Regulation »

Council Regulation (EC,
Euratom) No 1605/2002 of
25 June 2002

Implementing Regulation

Framework Agreement

Sectoral Agreement
(working document for pCCs')

Financing Agreements

IPARD structures' functions

General Functions	Specific Functions	NAO / NF	Operating structure	
			IPARD Agency	M.A.
Managing Function	Programme 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		

Conferred Candidate Countries: State of play

IPARD Measures – Indicative conferral timeframe	Croatia	The former Yugoslav Republic of Macedonia	Turkey
M101 - Investments in agricultural holdings to restructure and to upgrade to Community standards	1 st conferral decision	1 st conferral decision	1 st -4 th conferral decisions
M102 - Support for the setting-up of producer groups			cancelled
M103 - Investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards	1 st conferral decision	1 st conferral decision	1 st -4 th conferral decisions
M201 - Actions to improve the environment and the countryside	4 th conferral decision?		
M202 - Preparation and implementation of local rural development strategies (LEADER)	3 rd conferral decision?		
M301 - Improvement and development of rural infrastructure	2 nd conferral decision	3 rd conferral decision?	
M302 - Diversification and development of rural economic activities	2 nd conferral decision	1 st conferral decision	1 st -4 th conferral decision
M501 - Technical assistance	3 rd conferral decision?	2 nd conferral decision?	5 th conferral decision?

A renewed instrument for pre-accession assistance (IPA II)

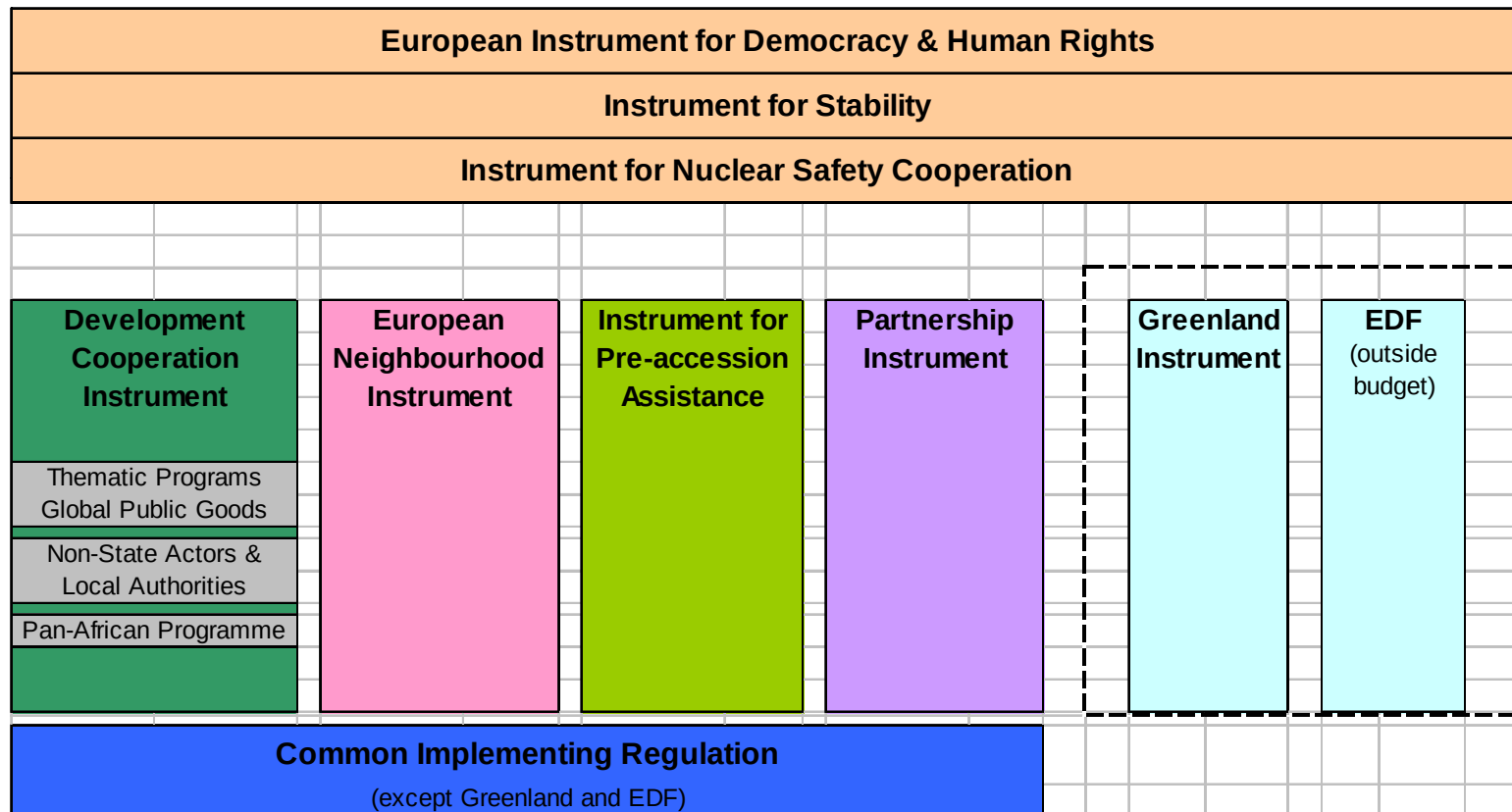
A new set of instruments for external action for the period 2014-2020:

- Commission proposal for **next Multi-annual Financial Framework** presented on 29 June 2011.
- New opportunities of the **Lisbon Treaty** & the **EEAS** provide platform for a more effective and more coherent external action.
- Commission proposed on 7 December a set of **9 geographic and thematic instruments + 1 horizontal regulation** on implementation of external aid.
- Overall envelope for external action under the next MFF: € 70 billion whereof **€ 14.1 billion for enlargement policy** (meaning an increase by 20% for external action and stability for pre-accession assistance compared to 2013).

Common objective: Increase the efficiency and impact of external spending

- Improve the **architecture** of instruments (overlaps /gaps between instruments)
- Greater **strategic focus** implemented by a multiannual programming cycle
- Increase **flexibility** (allocations, programming, implementation)
- Promote **aid effectiveness** (differentiation, untying of aid, joint programming, blending grants with loans)
- **Result-oriented programming.**

The proposed instruments for external actions:



IPA II (2014-2020)

EC Guiding principles for designing IPA II:

- Reinforced **link between the financial assistance and the policy agenda**.
- Contribute to the objectives of the **EU 2020 Agenda**.
- **Good governance and capacity building** remain core themes of financial assistance.
- More attention to **socio-economic development and lasting impact**.
- **Stronger ownership** of the reform agenda and related financial assistance.

EC Guiding principles for designing IPA II (Ct'd):

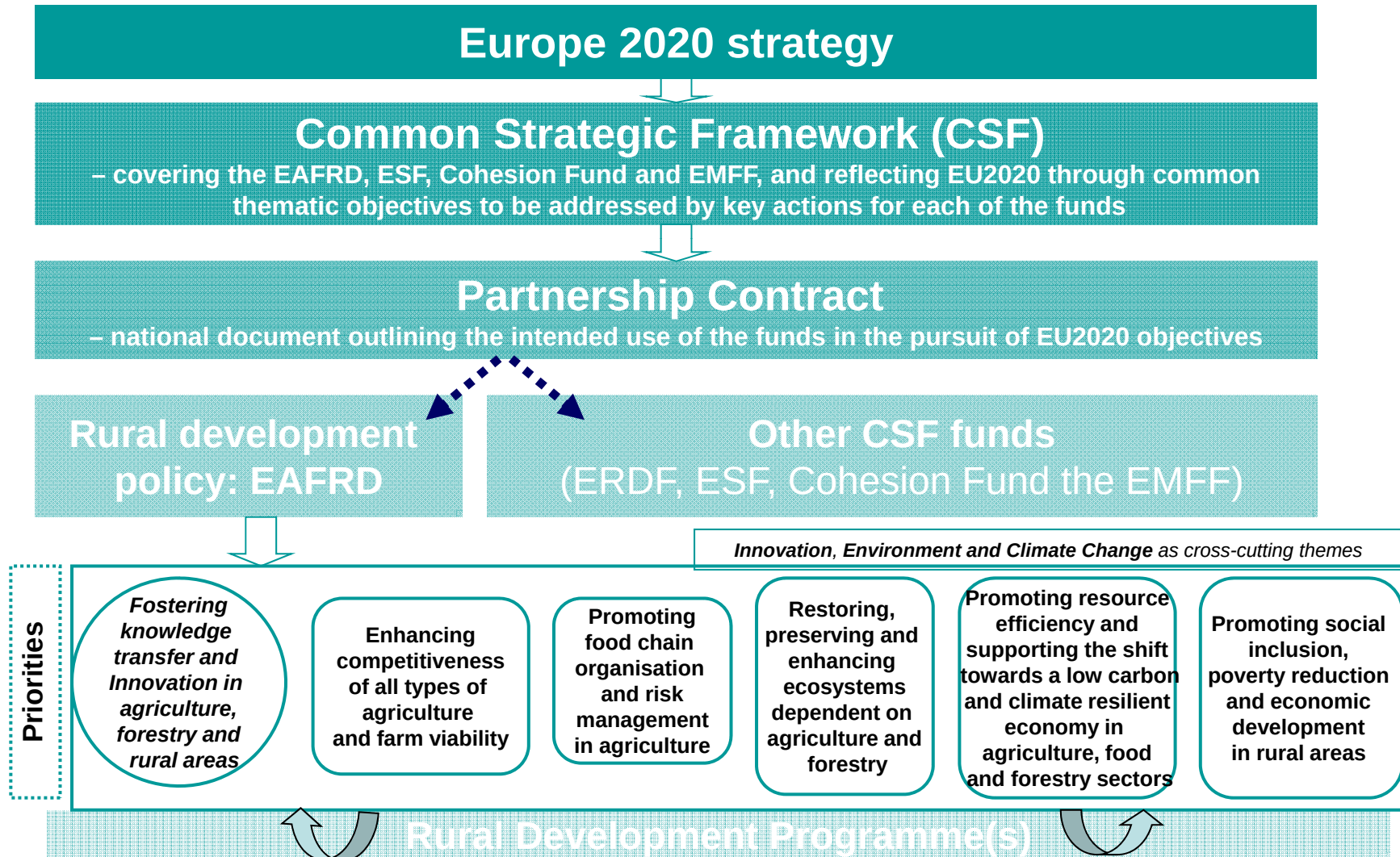
- Allow for **continuity** with fine-tuning.
- Instrument better **tailored to country needs**.
- Strengthening **coherence in programming** between policy areas.
- **Multi-annual planning**.
- Better **stakeholders' involvement** in programming.
- Rewarding **performance**.
- Increase **flexibility** and cut red tape.
- Allow for more **progressivity** in the use of the instrument.

Time Line (DG ELARG chef de file):

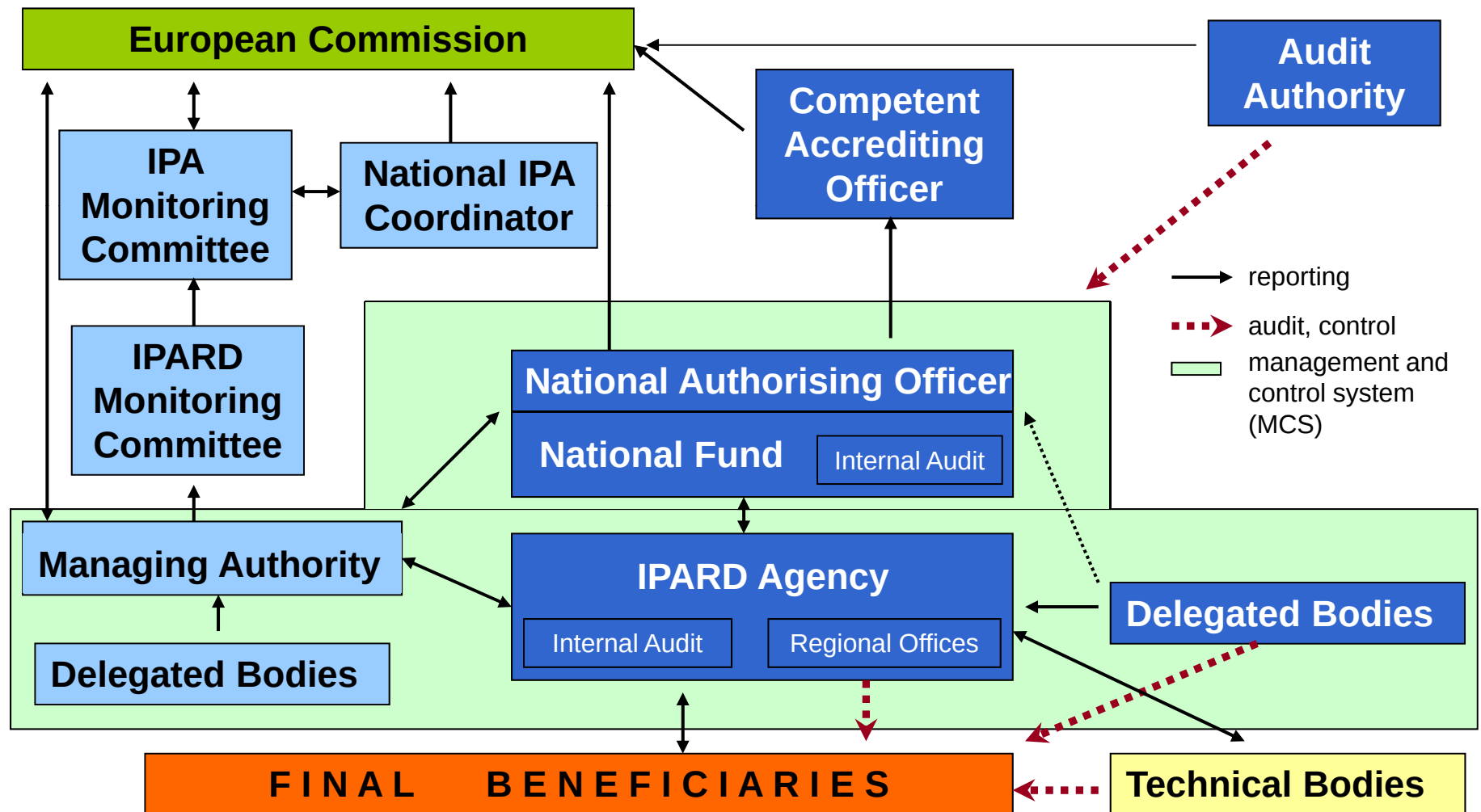
- **2012**: Discussion and adoption of the **2014-2020 Multi-annual Financial Framework** for the EU.
- **2012**: Discussion of **draft regulations** for external action in Council and European Parliament.
- **2012**: Preparation of **draft IPA Implementing Regulation**, adoption only after the IPA main regulation has been adopted.
- **2013**: Preparation of **IPA strategic documents**, to be submitted to IPA Committee beginning of 2014.

IPARD II (2014-2020)

Policy – Rural development:



IPARD I MCS



From IPARD I to IPARD II: 3 core implementation objectives

- IPA Management, Control and Supervision System (MCSS)
applicable to all policy areas and all IPA line DGs (ELARG, REGIO, EMPL & AGRI).
- **IPARD MCSS = IPA MCSS + specific, additional rules**
applicable to AGRI policy areas -> comparable to the single MCF for EAGF and EAFRD .
- IPARD MCSS = **Based on the system we know** for the existing IPARD I and reinforced and modernised after due consideration of lessons learnt.

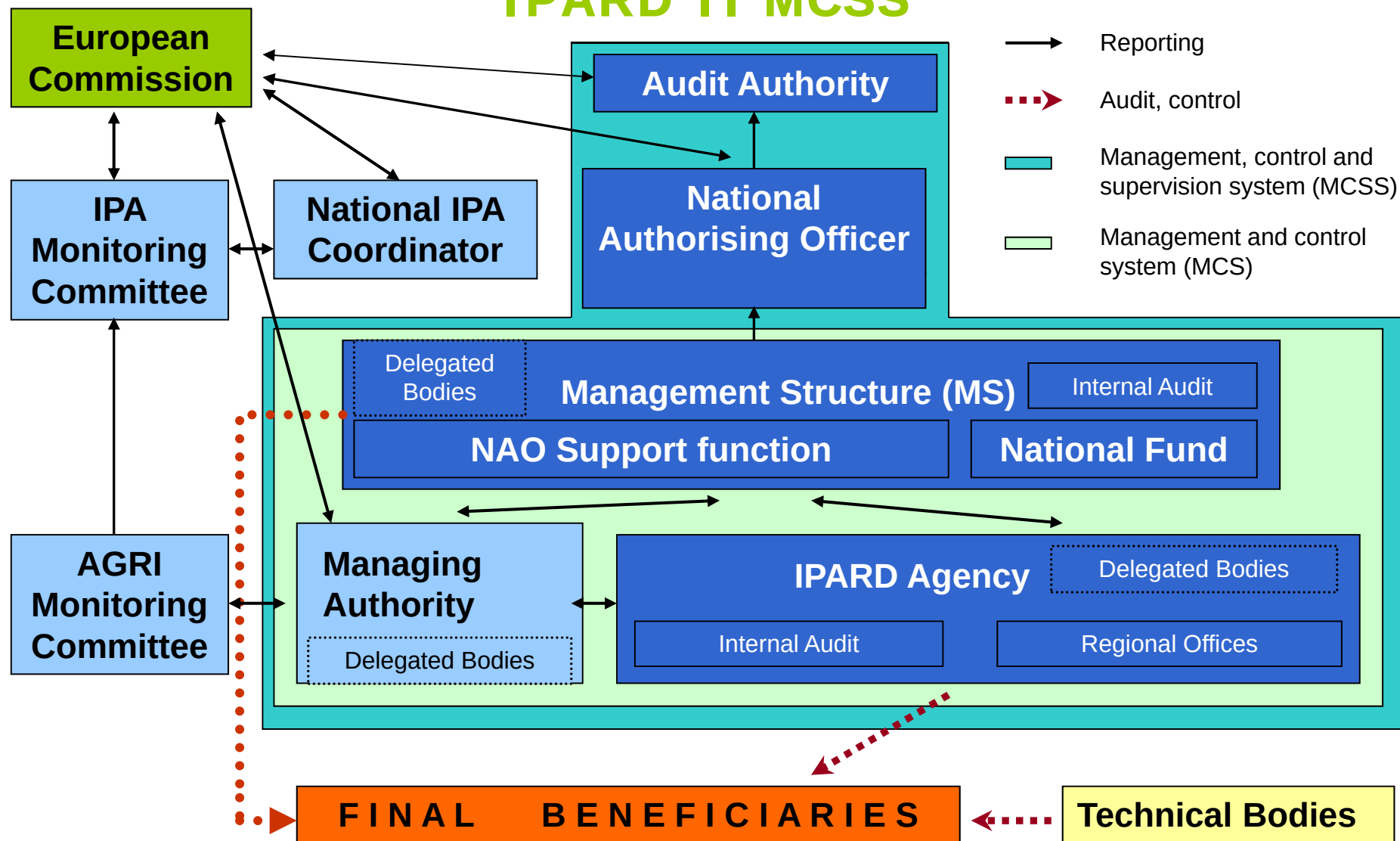
IPARD II: the main likely implementation changes

- **Management, Control and Supervision System** (MCSS = AA + NAO + MS + OS):
 - Replaces the **Management and Control Framework** (MCF) = CAO + AA + NAO + NF + OS.
 - **Abolition** of the function of Competent Authorising Officer (**CAO**)
 - **Management Structure** (MS) = NAO Support Function (NAOSF) + National Fund (NF).
 - **Operating Structure** (OS) = IPARD Agency + Managing Authority.
 - All entities to be compliant with **accreditation criteria**.
 - = Perimeter **subject to conferral** by the EC.

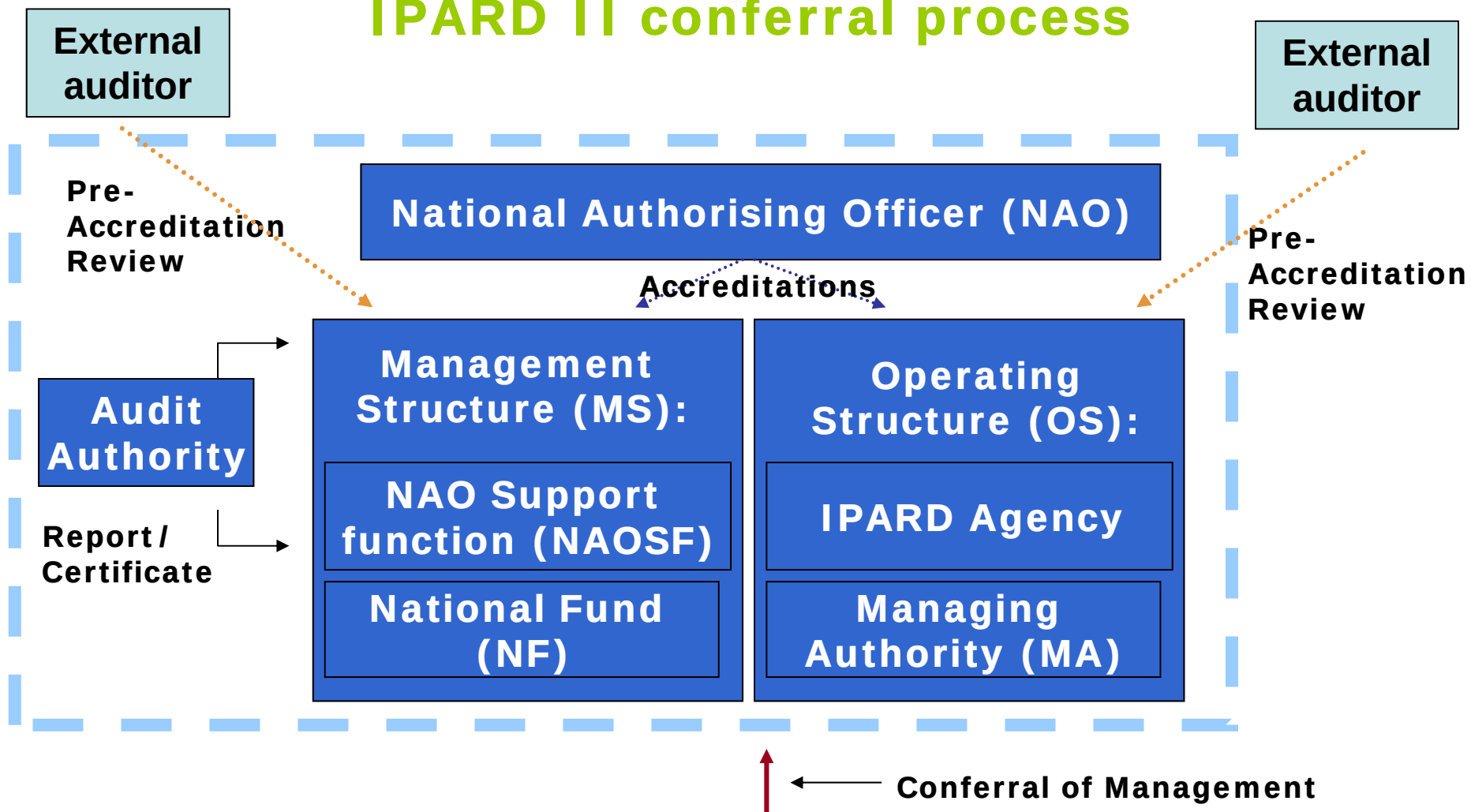
IPARD II: the main likely implementation changes (Ct'd)

- MCS perimeter subject to the **National Accreditations**:
 - = **MS + OS**.
 - = Perimeter under **review by the AA**.
- NAO:
 - **Reinforcement** of the Annual Statement of Assurance (**SoA**), supported by new and more representative control statistics.
- AA:
 - **Reinforcement** of its existing roles.

IPARD II MCSS



IPARD II conferral process

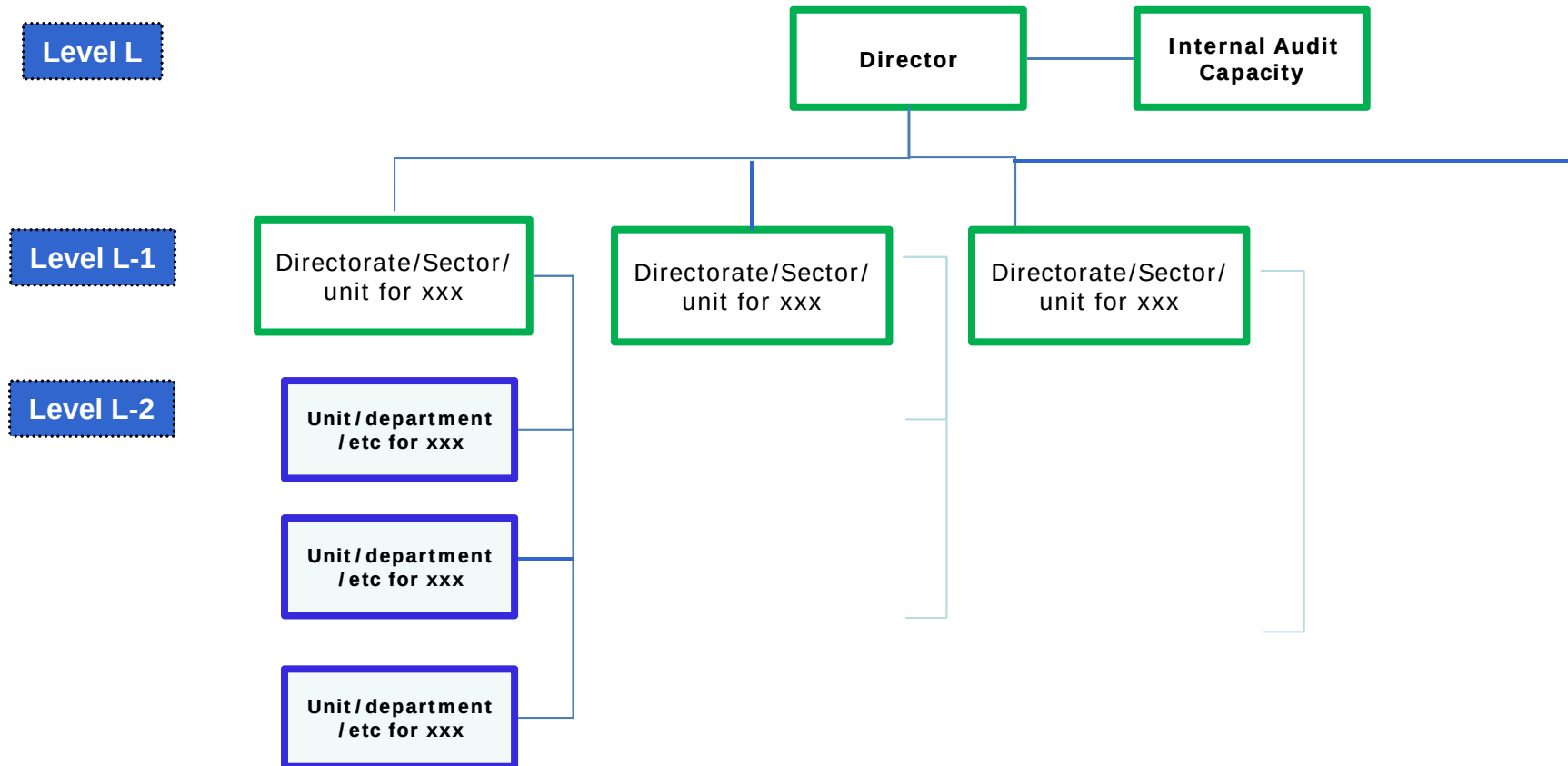


IPARD Agency(2014-2020)

Setting-up of future IPARD Agencies:

- Their **role, functions and duties** will remain **largely unchanged**:
 - Same **organisational structures**, with same functions.
 - Same **accreditation requirements**.
 - Same **general control requirements**.
 - Similar **financial management principles** with quarterly declarations of expenditure to DG AGRI.
 - Similar approach for **financial corrections, financial adjustments, financial reductions and recoveries**.
 - Same annual **financial clearance and** multi-annual **conformity clearance**.

Minimum structure requirements for future IPARD Agencies:



Minimum structure requirements for future IPARD Agencies:

- Necessary segregation of duties at **Level L-1**:
 - **Projects approval;**
 - **Payment authorisation;**
 - **Payment execution;**
 - **Accounting.**
- Additionally, further separations are needed at **Level L-2**:
 - **On-the spot and administrative checks;**
 - **Creation, maintenance, and the use of databases;**
 - **Request of funds, payment authorisation, payment execution and recording, and bank reconciliations;**
 - **Accounting, debt management and recovery process.**

Minimum structure requirements for future IPARD Agencies (Ct'd):

- **Other critical principles** to be observed when designing the future IPARD Agency's structure:
 - **Substitution plan**
 - **Supervision arrangements**
 - **4-eyes principle**
 - **Necessary rotation among on-the spot controllers**

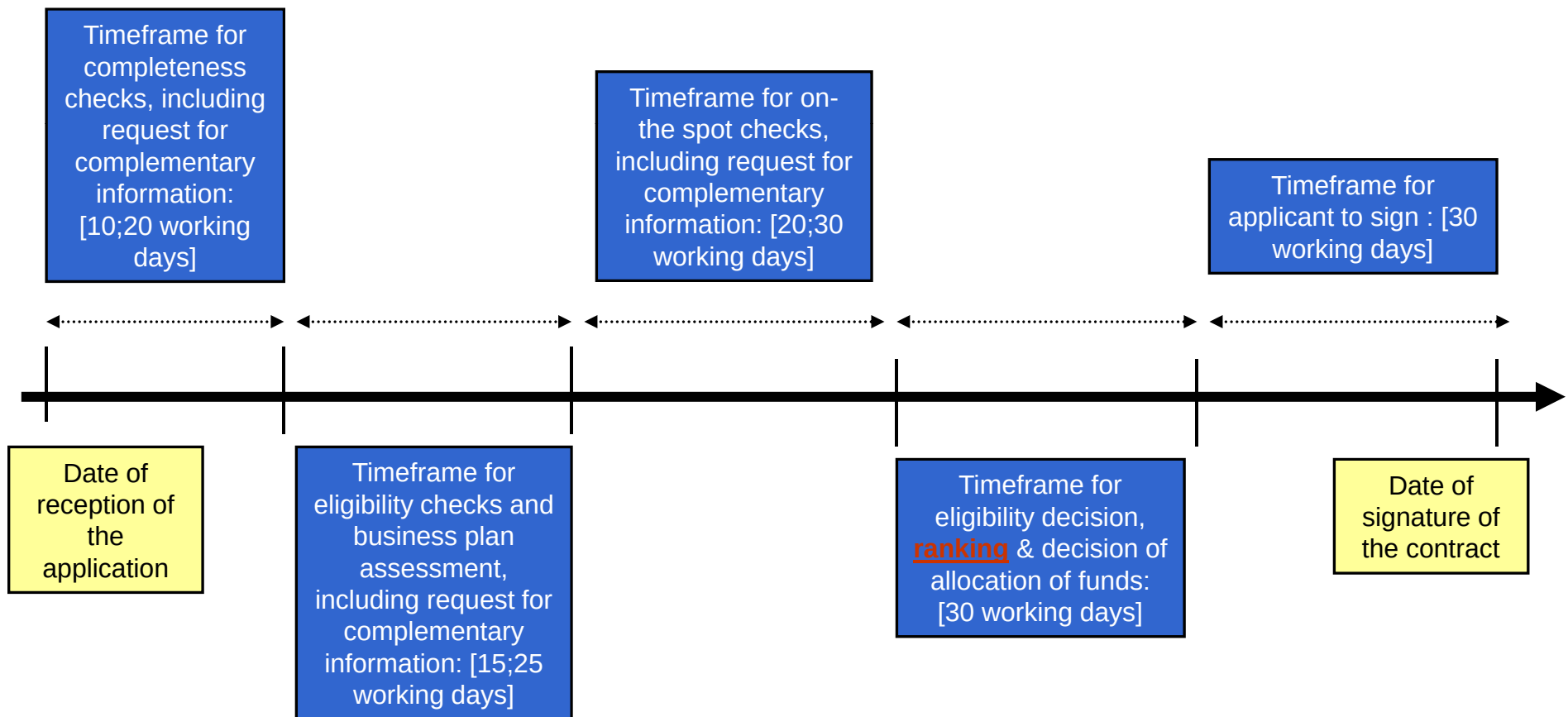
Minimum structure requirements for future IPARD Agencies (Ct'd):

- **Indicative human resources minima:**
 - **Horizontal services (in FTEs: full-time equivalent) – at least 33 FTEs:**
 - Top management: 2 + 1
 - Payment execution: 2 + 1
 - Debts management: 2
 - Accounting and budgeting: 2 + 1
 - Monitoring and reporting: 2 + 1
 - Internal Audit Capacity: 3 + 1
 - Archiving: 2
 - Internal finance and human resources management: 2 + 1
 - Legal affairs and management of irregularities: 2 + 1
 - ICT and databases: 3 + 1
 - Publicity and communications: 2 + 1

Minimum structure requirements for future IPARD Agencies (Ct'd):

- **Indicative human resources minima:**
 - **Specific services (in FTEs: full-time equivalent) – number of experts completely dependent on the assigned processing capacity / should normally represent at least 50 % of total staff of the IPARD Agency:**
 - Project approval, selection and contracting
 - On-the spot controls
 - Payment approval

Optimistic timeline for processing applications: min. 105, max. 135 working days



Project approval WLA – EC sensitivity analysis:

- Rejection rate = 80%
- Working days per expert and application:
 - M101: 7,5 W-days
 - M103: 10 W-days

Number of contracted projects/ Call for applications	M101	1	5	0	5	15	40
	M103	0	0	5	5	5	20
Manager		1	1	1	1	1	1
Supervisors needed		0	2	3	5	10	30
Experts needed		2	8	12	20	40	120

Project approval WLA – EC sensitivity analysis:

- Rejection rate = 50%
- Working days per expert and application:
 - M101: 7,5 W-days
 - M103: 10 W-days

Number of contracted projects/ Call for applications	M101	1	5	0	5	15	40
	M103	0	0	5	5	5	20
Manager		1	1	1	1	1	1
Supervisors needed		0	1	1	2	4	12
Experts needed		2	4	5	8	16	50

On-the spot control WLA – EC sensitivity analysis:

- Working days per expert and project:
 - M101: 3 W-days
 - M103: 4 W-days

Number of projects to be controlled before contracting:

Manager

Supervisors needed

Experts needed

M101	1	5	0	5	15	40
M103	0	0	5	5	5	20
	1	1	1	1	1	1
	0	0	0	1	1	5
	2	2	2	4	6	20

Conclusions

IPARD II: General structure of management, control and supervision framework

- **Compulsory administrative structure** at the level of beneficiary countries:
 - Centred around dedicated **MCS**.
 - **MCS accredited** by the countries **and MCSS conferred** by the EC.
- **Ex-post controls of the MCS** through independent review **by the AA**.
- Annual **financial clearance** and multi-annual **conformity clearance procedures**.

IPARD II: General structure of management, control and supervision framework (Ct'd)

- **Detailed rules on controls** in the forthcoming

Financing Agreement:

- **Primary controls**: administrative controls and on-the spot checks on 100% of applications of projects, 100% of claims for payment and 100% of projects after payment.
- **Central controls**: Annual Statement of Assurance by NAO, requiring additional controls on a risk based by NAO Support Function and/or National Fund.

Minimum structure requirements for future IPARD Agencies :

- Horizontal services:



At least 30-35 FTEs

- Control services - highly dependent on:

- **Programming choices** (measures, sectors, types and profiles of potential final beneficiaries, eligibility requirements, etc).
- **Absorption objectives** (number of contracted projects, targeted date of final payment, etc).
- **Rejection rate** (essentially linked to quality of the publicity function).



Normally at least 50% of total staff of the IPARD Agency

For any further questions:

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**THANK YOU FOR YOUR
ATTENTION.**