



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 18.03.1998  
COM(1998) 153 final

98/ 0100 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

**on Community Support for Pre-Accession measures for Agriculture and Rural  
Development in the applicant countries of Central and Eastern Europe in the  
Pre-Accession period.**

(presented by the Commission)

## EXPLANATORY MEMORANDUM

1. The Luxembourg Council agreed on a substantial increase in pre-accession aid to complement the PHARE programme, Structural Funds support and support for agriculture and rural development in the applicant countries of Central and Eastern Europe.
2. In accordance with the orientations of Agenda 2000<sup>1</sup> and with the conclusions of the European Council in Luxembourg, financial aid provided for by the structural and agricultural pre-accession instruments will be granted to Central and Eastern European applicant countries. This is reflected in article 1 of the present regulation, which lists the ten countries concerned.
3. Cyprus, as set out in the Luxembourg conclusions (§ 22), benefits from a specific pre-accession strategy which corresponds with its present economic situation.
4. In the light of future progress towards a political solution of the Cyprus problem currently being pursued under the aegis of the United Nations and in order to take account of the economic situation then prevailing on the island, it may become appropriate, as accession negotiations proceed on the basis of the Luxembourg conclusions (§ 28), to include Cyprus in the list of beneficiary countries.
5. In many of the applicant countries, agriculture still represents a major source of employment. In general, the institutional process of privatisation and transformation in the agricultural sector still has to be completed and farm structures will continue to evolve. Community pre-accession aid for agriculture and rural development has to be decided in view of the particular need for adaptation to a rather complex Community "acquis" in this sector.
6. The framework for Community pre-accession aid is provided by a horizontal co-ordination Regulation. The Regulation concerning pre-accession measures for agriculture and rural development has been drafted in accordance with the horizontal framework. Article 235 of the Treaty is the relevant legal basis for these indispensable Community measures.

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<sup>1</sup> see part II (the Challenge of Enlargement), section III (a strategy for enlargement) part 2 (reinforcing the pre-accession strategy) and section IV (Cyprus)

7. Concentrating on priority needs for agriculture and rural development, pre-accession measures concern in particular support for improving the efficiency of farms (including producer groups), processing and distribution, promotion of quality products, veterinary and phytosanitary control, improving land quality, its reparation and registration, water resource management, vocational training, diversification of economic activities in rural areas, agri-environmental and forestry measures, improvement of rural infrastructure and rural villages, including the maintenance of rural heritage as well as technical assistance. The list can be extended in if additional priority needs should emerge.
8. Community support will be implemented in the form of multiannual programmes, following the guidelines and principles for operational programmes under the EU Structural Policy. These comprise in particular the principles of complementarity, partnership, additionality, the programming procedure, monitoring and evaluation. Compatibility with the accession partnership and the national programme for the adoption of the "acquis" must be ensured.
9. According to the Agenda 2000 proposal, the annual resources available to the EAGGF "Guarantee" section are equal to 500 MECU at constant 1997 prices. This money will be allocated to the applicant countries according to objective criteria. Upon accession to the EU, a country will lose its entitlement under this Regulation.

**Proposal for a**

**COUNCIL REGULATION (EC) No  
on Community support for pre-accession measures for agriculture and rural  
development in the applicant countries of Central and Eastern Europe in the  
pre-accession period**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

- (1) Whereas the conclusions of the European Council of 12 and 13 December 1997 provide for an enhanced pre-accession strategy for the applicant countries of Central and Eastern Europe and a specific pre-accession strategy for Cyprus;
- (2) Whereas, in the light of future progress towards a political solution to the problem of Cyprus currently being pursued under the aegis of the United Nations and in order to take account of the economic situation which will then prevail on the island, it may become appropriate, as accession negotiations proceed on the basis of the conclusions of the Luxembourg European Council, to include Cyprus in the list of beneficiary countries and to envisage to this effect specific modalities for the application of the present regulation;
- (3) Whereas, however, the conclusions of the European Council provide that the aid provided for in this regulation be granted for the time being to the ten applicant countries of Central and Eastern Europe;
- (4) Whereas the Community has decided to provide special assistance in the form of pre-accession aid for the countries applying for accession in order to carry out action to support the current economic and social reform process in those countries and to prepare and facilitate the integration of their economies into the Community economy;
- (5) Whereas assistance from the Community support for pre-accession measures for agriculture and rural development in the applicant countries of Central and Eastern Europe in the pre-accession period together with assistance from the Community under Council Regulation .../... on Community support under ISPA in the pre-

accession period<sup>1</sup> should be co-ordinated within the framework of the Regulation .../... on the co-ordination of assistance to the applicant countries within the framework of the pre-accession strategy<sup>2</sup> and be subject to the conditional provisions of the Regulation .../... on assistance to the applicant countries in the framework of the pre-accession strategy, and in particular on the establishment of accession partnerships;

(6) Whereas the Community pre-accession aid has to be decided in particular to resolve priority problems in adapting the economies of the applicant countries in a sustainable manner and facilitating the implementation by them of the acquis communautaire, focusing in particular on the common agricultural policy;

(7) Whereas pre-accession aid for agriculture should follow the priorities of the reformed CAP; whereas such aid should be applied to priority areas to be defined for each country, such as the improvement of structures for processing agricultural and fishery products, distribution, quality control of food as well as veterinary and plant-health controls and the setting-up of producer groups; whereas it should also be possible to finance integrated rural development projects to support local initiatives and agri-environmental measures, to improve the efficiency of farms, to adapt infrastructures as well as measures which will accelerate structural reconversion;

(8) Whereas, in the agricultural sector, the Community support will be implemented in the form of multiannual programmes established in accordance with the guidelines and the principles of the operational programmes applied in the framework of structural policy in order to facilitate in the applicant countries the implementation of the principles and procedures in force;

(9) Whereas, in accordance with Regulation (EC) No .../99 (HCR), assistance can only be granted for any measure from one Community financial instrument within a given period, subject in the case of the European Investment Bank to its own rules on the provision of assistance;

(10) Whereas Community funds should not replace funding available in each applicant country and whereas Community assistance constitutes a financial contribution to the completion of projects;

(11) Whereas pre-accession aid in the agricultural sector has to be granted in the form of a financial contribution from the Guarantee Section of the European Agriculture Guidance and Guarantee Fund, Guarantee Section, here in after called EAGGF in accordance with the specific financial rules established by Council Regulation (EC) No. .... (Agricultural Financial Regulation);

(12) Whereas the allocation to applicant countries of resources fixed by the budget authority in the preamble of this instrument should take full account of national prosperity on the basis of gross domestic product, of the agricultural workforce, of utilised agricultural area and, if necessary, of specific territorial particularities;

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(13) Whereas applicant countries should submit their plans as quickly as possible in order to avoid delaying the implementation of the pre-accession measures from 1 January 2000;

(14) Whereas the drawing-up of those programmes, their implementation and the follow-up mechanisms should comply with the specific Structural Fund rules and thus facilitate the transfer of the *acquis communautaire*;

(15) Whereas a detailed ex-ante assessment should be carried out before Community resources are committed in order to ensure that the programme complies with real needs, to permit flexibility in the implementation of Community intervention to take account of the relevant information and the first results of the measures, and to strengthen the monitoring and ex-post evaluation to ensure the effectiveness of the anticipated impact;

(16) Whereas provision should be made for a Monitoring Committee to assist the Commission with the follow-up to each programme;

(17) Whereas the necessary decisions should be adopted in accordance with the procedure laid down in Article 49 of Council Regulation (EC) No ..... (General Structural Funds Regulation) and for specific financial items in accordance with the procedure laid down in Article 13 of Regulation (EC) No .... (Agricultural Financial Regulation);

(18) Whereas reports should be submitted to the Council, the Parliament, the Economic and Social Committee and the Committee of the Regions on progress achieved in the implementation of agricultural pre-accession aid;

(19) Whereas, during the transitional period (1 January 1999 to 31 December 2001) all reference to the euro should as a general rule be considered as a reference to the euro as a monetary unit, in accordance with the second sentence of Article 2, of Council Regulation (EC) No /98 of .... 1998;

(20) Whereas the implementation of these measures is likely to contribute to the carrying out of the objectives of the Community and whereas the Treaty does not contemplate any powers other than those laid down in Article 235 for the measures in question,

HAS ADOPTED THIS REGULATION:

**TITLE I**  
**Objectives and types of measures**

**Article 1**

**Objectives**

1. This Regulation establishes the framework for Community support for sustainable agriculture and sustainable rural development for the pre-accession period for the following applicant countries: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.
2. Community support shall comply with the conditions laid down in the framework of accession partnerships and shall relate in particular to:
  - (a) solving priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas in the applicant countries,
  - (b) contributing to the implementation of the *acquis communautaire* concerning the common agricultural policy and related policies,

**Article 2**

**Measures**

1. In accordance with the priorities defined by the applicant countries and in accordance with Article 4 (3), support for agriculture and rural development may relate to several of the following measures:
  - investments in agricultural holdings;
  - improving the processing and marketing of agricultural and fishery products;
  - improving of the structures for quality, veterinary and plant-health controls;
  - agricultural production methods designed to protect the environment and maintain the countryside;
  - development and diversification of economic activities, providing for multiple activities and alternative income;
  - setting up farm relief and farm management services;
  - setting up producer groups;
  - renovation and development of villages and the protection and conservation of the rural heritage;
  - land improvement and reparation;
  - establishment and updating of land registers ;
  - improvement of vocational training;
  - development and improvement of rural infrastructure;
  - water resources management;
  - forestry, including afforestation, investments in forest holdings owned by private forest owners and processing and marketing of forestry products;

- technical assistance for the measures covered by this Regulation, including studies to assist with the preparation and monitoring of the programme, information and publicity campaigns.
2. Other measures may be decided in accordance with the procedure laid down in Article 49 of (General Structural Funds Regulation). The detailed rules for implementing this Title shall, if necessary, be adopted in accordance with the same procedure.

## **TITLE II ASSISTANCE**

### **Article 3**

#### **Complementarity and technical assistance**

1. The Community action shall complement corresponding national actions or contribute to these. It shall be established in close collaboration between the Commission, the applicant country, the competent authorities and bodies and the economic and social partners at the appropriate level. Such co-operation shall cover preparation, implementation including financing and appraisal, monitoring and evaluation of the measures.
2. In the framework of the technical assistance, the Commission shall take initiatives and measures to ensure that the Community measures supports the priority objectives referred to in Article 1 and bring added value to national initiatives.

### **Article 4**

#### **Programming**

1. Rural development measures shall be the subject of a plan to be drawn up at the most appropriate geographical level. The plan shall be prepared by the competent authorities designated by the applicant country and shall be submitted by those countries to the Commission after the competent authorities and organisations at the appropriate level have been consulted.
2. Rural development plans shall cover a period of up to seven years from 1 January 2000 and subject to the application of Article 1(2), shall include:
  - a quantified description of the current situation showing disparities, shortcomings and potential for development, the main results of previous operations undertaken with Community assistance, the financial resources deployed and the evaluation results available;
  - a description of the strategy proposed, its quantified objectives, the rural development priorities selected and the geographical scope;



- a prior appraisal showing the anticipated economic, environmental and social impact, including effects on employment;
  - an indicative overall financial table summarising the national, the Community and, where appropriate, the private financial resources provided for and corresponding to each rural development priority adopted in the context of the plan, including, if necessary, measures financed by the EIB and other international financial instruments;
  - an indicative financial profile for each year covered by the programming period for each source contributing to the programme;
  - where appropriate, information on the need for any studies, training or technical assistance operations relating to the preparation, implementation or adaptation of the measures concerned;
  - the names of the competent authorities and bodies responsible for carrying out the programme, including the paying agency;
  - a definition of "final beneficiaries", where this is possible, which may be organisations, or public or private enterprises responsible for conducting the operations. In cases where public aid is granted by other authorities entrusted therewith by the applicant countries, the final beneficiaries shall be the institutions deciding the granting of the public aid;
  - a description of the measures contemplated for implementing the plans, and in particular aid schemes, including the points necessary for assessing the rules of competition;
  - provisions ensuring correct implementation of the programme, including monitoring and evaluation and the definition of quantified indicators for evaluation and the arrangements for controls and penalties;
  - the results of consultations and provisions adopted for associating competent authorities and bodies as well as appropriate economic, social and environmental partners.
3. In their development plans applicant countries shall ensure that priority is given to measures to improve market efficiency, quality and health standards and measures to maintain jobs and creating new employment opportunities in rural areas, in compliance with the provisions on the protection of the environment.
  4. Unless otherwise agreed with the applicant country, the rural development plan shall be submitted not later than six months after the entry into force of this Regulation.
  5. On the basis of each applicant country's plan, a Programme for Rural Development shall be approved by the Commission in accordance with the procedure laid down in Article 49 of (General Rural Development Regulation) within six months of submission of the plan, on condition that all the relevant information is available. In particular the Commission shall appraise the proposed plan to determine whether it is consistent with this Regulation.
  6. The programme may, if necessary, be revised and amended as a result:

- of socio-economic development, relevant new information and the results observed from the implementation of the actions concerned, including the results of monitoring and evaluation,
- in view of actions taken in the framework of the accession partnership and the national programme for the adoption of the *acquis communautaire*,
- of the need to adjust the amounts of aid available, in particular as a result of the accession to the Community of certain applicant countries referred to in Article 1(1), taking into account the effectiveness and results of pre-accession measures.

## Article 5

### Ex-ante appraisal, monitoring and evaluation

1. In order to assess their effectiveness, support for rural development measures shall be subject to prior and mid-term appraisal, on-going monitoring and ex-post evaluation designed to appraise the success and impact with respect to the defined objectives.
  
2. The Commission and the applicant country shall monitor the implementation of the programme.  
Such monitoring shall be carried out by way of jointly agreed procedures. Monitoring shall be carried out by reference to specific physical environmental and financial indicators agreed and established beforehand.  
  
Applicant countries shall submit annual progress reports to the Commission not later than the end of the first six months of the following year, which shall contain at least the information referred to in Article 36 of (General Structural Funds Regulation).
  
3. A monitoring committee shall be established for each Rural Development Programme in compliance with Article 34 of (General Structural Funds Regulation).

## Article 6

### Compatibility

Measures granted Community support shall comply with the commitments adopted in the accession partnership and shall be consistent with the principles of the national programme for the adoption of the *acquis communautaire*.

Measures financed under this Regulation shall comply with the provisions of the Europe Agreements, including the provisions implementing those agreements with regard to State aids.

## **TITLE III FINANCIAL PROVISIONS**

### **Article 7**

#### **Resources**

1. The Community financial contribution to the carrying-out of the rural development programme shall be financed by the EAGGF Guarantee Section in the form of advances, part-financing and financing in accordance with the principles laid down in Articles 28 and 29 of (General Structural Funds Regulation).

Payments of financial assistance may take the form of advances for programme implementation and of payments against expenditure incurred.

2. The financial allocation to each applicant country for pre-accession aid financed by the EAGGF Guarantee Section shall be based on objective criteria such as:
  - farming population,
  - agricultural area,
  - gross domestic product (GDP) in purchasing power,
  - specific territorial situation
3. For the period referred to in Article 4(2), up to 2% of the annual allocation of funds may be devoted to financing the measures taken on the initiative of the Commission for preliminary studies, exchange visits, evaluations and controls.

### **Article 8**

#### **Rate of Community contribution**

1. The Community contribution may amount to up to 75% of the total eligible public expenditure.

For measures referred to in the last indent of Article 2(1) and Article 7(3), the Community contribution to financing may amount to up to 100% of the total eligible cost.

2. For revenue generating investments, public aid may amount to up to 50% of the total eligible cost of which the EAGGF contribution may amount to up to 75%. In any case the contribution from the EAGGF shall comply with the ceilings on rates of aid and cumulation laid down for State aid.
3. The financial support and the payments shall be expressed in euros.

## Article 9

### Financial control

1. The financial support shall comply with the principles laid down in Regulation (EC) No ... (Agricultural Financial Regulation).

The Commission shall implement expenditure under this Regulation in accordance with the Financial Regulation applicable to the general budget of the European Community on the basis of the financing memorandum to be drawn up between the Commission and the applicant country.

2. The Commission shall adopt the methods for managing the programme, the provisions for monitoring and checking its execution, the systems for preventing and checking irregularities and the procedures for recovering amounts unduly paid. These measures shall be adopted as a prerequisite to the approval of the programme as referred to in Article 4(6).
3. Without prejudice to checks carried out by beneficiary countries, the Commission and the Court of Auditors may, through their own agents or duly authorised representatives, carry out on-the-spot technical or financial audits, including sample checks and financial audits.

## Article 10

### Reduction, suspension and cancellation of aid

1. If the implementation of a measure does not appear to justify any part of the finance allocated to it, the Commission shall carry out an appropriate examination of the case, in particular by requesting the applicant country or the authorities designated by it to implement the measure to make their comments within a specified period.
2. Following that examination, the Commission may reduce or suspend the aid for the measure concerned if the examination confirms the existence of an irregularity or of an important modification which affects the nature or the conditions of implementation of the measure and for which Commission approval was not obtained.
3. Any amount recovered by way of overpayment shall be transferred to the Commission. The amounts not transferred shall be subject to interest on arrears in accordance with the provisions of the financial Regulation.

## **Article 11**

The Commission shall allocate the available resources to the applicant countries for the implementation of Article 7(2). Within three months of the adoption of this Regulation, the Commission shall communicate its decisions to each applicant country on the indicative financial allocation for seven years.

## **TITLE IV IMPLEMENTING RULES**

### **Article 12**

1. The Commission shall adopt detailed rules for the implementation of this Regulation in accordance with the procedure laid down in Article 49 of Regulation (EC) No ... (General Structural Funds Regulation).
2. The Commission shall adopt the detailed financial rules in accordance with the procedure laid down in Article 13 of Regulation (EC) No ... (Agricultural Financial Regulation). They shall relate, in particular, to appropriate provisions to ensure compliance with budgetary discipline.

## **TITLE V OTHER PROVISIONS**

### **Article 13**

#### **Reports**

Every two years the Commission shall present a report on the Community support granted under this Regulation to the European Parliament, to the Council, the Economic and Social Committee and to the Committee of the Regions.

In such reports the Commission shall outline in particular the progress made towards achieving the objectives set out in Article 1.

## **TITLE VI FINAL PROVISIONS**

### **Article 14**

#### **Information and Publicity**

1. The programmes set out in Article 4(5) shall be the subject of appropriate publicity in the applicant countries.
2. The publicity shall entail in particular:

- informing potential beneficiaries and professional organisations of the assistance available,
- informing the general public of the Community's role in relation to the aid.

The proposals contemplated and the measures adopted to that end shall be communicated to the Commission.

#### **Article 15**

Upon accession to the European Community countries shall lose entitlement to support under this Regulation.

The Commission shall reallocate the available resources among the other beneficiaries.

#### **Article 16**

##### **Entry into force**

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

It shall apply from 1 January 2000.

This Regulation shall be binding in its entirety and directly applicable in all Member States

Done at Brussels, on .....

Council

For the

# FINANCIAL STATEMENT

(fiche/97/....doc)l

DATE : .././1997

1. BUDGET HEADING : EAGGF-Guarantee APPROPRIATIONS : ..... ECU million  
 2. TITLE : Community support for pre-accession measures for Agriculture and Rural Development in the applicant countries of Central and Eastern Europe in the pre-accession period.

3. LEGAL BASIS : Article.235 of the Treaty constituting the European Union.

4. AIMS : Pre-accession aids in the applicant countries in order to support the current economic and social reform process and facilitate the integration of their economies with the Community economy in the Agriculture and Rural Development areas.

5. FINANCIAL IMPLICATIONS	FINANCIAL YEAR 2000	FINANCIAL YEAR 2001	FINANCIAL YEAR 2002	
5.0 EXPENDITURE - (EAGGF-G) - NATIONAL AUTHORITIES - OTHER	520	520	520	
5.1 REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL				
	2003	2004	2005	2006
5.0.1 ESTIMATED EXPENDITURE	520	520	520	520
5.1.1 ESTIMATED REVENUE				

5.2 METHOD OF CALCULATION :In the communication on the financial framework for the period 2000-2006, the Commission proposes to allow an amount of 520 million Euros (constant prices 1999) for this instrument. The Commission also proposes that pre-accession aids will be a sub heading of heading 1 (agricultural expenditure).

- 6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET ? YES / NO
- 6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET ? YES / NO
- 6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY ? YES / NO
- 6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY YES / NO

OBSERVATIONS

## FINANCIAL STATEMENT

1. TITLE OF OPERATION:

Proposal for a Council Regulation on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period

2. BUDGET HEADING INVOLVED:

B1

3. LEGAL BASIS:

Article 235 of the Treaty establishing the European Community

4. DESCRIPTION OF OPERATION:

4.1 General objective

Pre-accession aid for agriculture and rural development in the applicant countries in order to assist their efforts at economic and social reform and to make it easier for their economies to be integrated into the Community economy

4.2 Period covered and arrangements for renewal



The measure covers the period 2000-06; it will be re-examined by the Council before 31.12.2006.

5. CLASSIFICATION OF EXPENDITURE:

Non-compulsory expenditure (NCE), non-differentiated appropriations (NDAs)

6. TYPE OF EXPENDITURE:

Subsidy to part-finance rural development programmes, with other funding from the public and private sectors in the applicant countries.

7. FINANCIAL IMPACT:

7.1 Method of calculating total cost of operation

In Agenda 2000, the Commission proposes introducing ECU 500m of pre-accession aid for agricultural development in the applicant countries annually from 2000 onwards. This proposal should lead in 1999 to the inclusion in the financial perspective for 2000-06 of ECU 520m per year at constant 1999 prices (500m indexed by 2% annually from 1997 to 1999).

7.2 Itemised breakdown of cost

The financial impact of the various eligible measures provided for in Article 2 of the draft Regulation will be the outcome of the planning/programming process at the level of each region/Member State. The Commission will decide, on the basis of the criteria laid down in Article 7(2) of the draft Regulation, how the funding is to be shared out among the applicant countries.

### 7.3 Schedule of commitment appropriations/payment appropriations

Since the appropriations are non-differentiated the foreseeable cost of the measure for the EAGGF Guarantee Section over the period envisaged is as follows in current ecus:

<u>Year</u>	<u>ECUm</u>
2000	530
2001	540
2002	550
2003	560
2004	570
2005	590
2006	600

### 8 FRAUD PREVENTION MEASURES:

Article 9 of the draft Regulation deals with financial control. It provides in particular that:

- Financial control will be in accordance with the general rules applicable to the EAGGF Guarantee Section.
- Under the partnership with each applicant country the Commission will adopt a financial memorandum concerning programme management methods, systems for detecting and preventing irregularities and procedures for recovering amounts paid out without justification. Rural development programmes cannot be approved until such measures have been adopted.

### 9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

## 9.1 Specific objectives and target population

Article 1 of the draft Regulation lays down the following objectives:

- a) Solving specific priority problems involved in adapting the applicant countries' agriculture and rural areas
- b) Helping to implement the *acquis communautaire* in the field of agricultural policy in those countries.

Since the specific quantifiable objectives are the fruit of the planning/programming process at national/regional level in the applicant countries no concrete information is available at this stage.

The 10 applicant countries covered by the draft Regulation have a total population of 105.1 million, with the active agricultural population totalling 9.5 million.

## 9.2 Grounds for the operation

The impact study carried out by the Commission with a view to enlargement in connection with Agenda 2000 shows the difficulty of integrating most of these countries' agricultural sectors, because of the weakness of their agricultural structures and the price differentials for the principal products. It also concludes that it is to be expected that their food-processing industries will experience considerable problems in adjusting when they are integrated into the single market, particularly in sectors where prices of basic products will rise and in countries where the primary sector is weak. This has led the Commission to propose aid for the development of their agricultural and processing structures, and for rural development, in order to prepare them gradually for full integration into the agricultural common market.

## 9.3 Monitoring and evaluation of the operation

Article 5 of the draft Regulation makes it compulsory to carry out *ex ante* appraisals and mid-term reviews; it also provides for the results to be monitored on the basis of annual reports on the movement of indicators of physical and financial performance and for *ex post* evaluation of the programme's impact compared with the results expected. The actual

monitoring and evaluation procedures are governed by the provisions laid down in the regulation on general provisions for the implementation of the Structural Funds.

10 ADMINISTRATIVE EXPENDITURE:

It is not possible at this stage to evaluate the administrative burden which the implementation of this Regulation will represent for the Commission, and therefore to know whether additional resources will be required.

However, actual mobilisation of necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional amounts authorised by the budgetary authority.