



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 7.10.2003
COM(2003) 582 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT,
THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS**

SAPARD ANNUAL REPORT – Year 2002

TABLE OF CONTENTS

1.	SUMMARY	3
2.	SAPARD - State of Play	5
2.1	Accreditation of the SAPARD Agencies and decisions conferring management of aid	5
3.	SAPARD – in operation.....	7
3.1	Changes in legal frameworks	7
3.2.	Execution in 2002 – Financial and budgetary issues	15
3.3	Work carried out in relation to the Court of Auditors.....	18
4.	Mid-term-evaluation	18
5.	SAPARD – ‘the learning process’ - Key elements in relation to 2002.....	20
5.1	Monitoring of commitments	20
5.2	Flooding	21
5.3	Seminars financed under Article 7(4) “Assistance by the Commission”	22
6.	Involvement in SAPARD of Non Government Organisations	23
7.	Information on European Anti Fraud Office (OLAF) Activities concerning SAPARD	25
8.	Public procurement	25
9.	Contributions from Candidate Countries	26
	ANNEX A – Calendar of events concerning the Multi-annual Financing Agreement (MAFA) and Annual Financing Agreements (AFA)	52
	ANNEX B – Modification of programmes to the end of 2002.....	55
	ANNEX C – Conferral of Management - calendar and coverage	56
	ANNEX D/1 – Data on commitments to final beneficiaries	57
	ANNEX D/2 – Data of commitments to final beneficiaries	59
	ANNEX E – Payments reimbursing expenditure declared to the Commission.....	61

1. SUMMARY

This is the third report produced by the Commission on the Special Accession Programme for Agriculture and Rural Development, SAPARD.

The first report COM(2001) 341 published in July 2001, gave an overview of the SAPARD instrument including the background to its introduction, the legal instruments upon which it is based, the financing arrangements, and the tasks to be accomplished before it could be operational. That report provided background information on the instrument. It could give relatively little information on operational aspects because then only two countries were in a position to apply it. The second report COM(2002) 434 published in July 2002 covered 2001, a period when five countries eligible for support under SAPARD were able to apply the instrument. Although these countries constituted half the eligible countries they accounted for less than one quarter of the total appropriations for all countries.

In view of the situation just described, in the report for 2001 the Commission made clear that any assessment of the instrument on the basis of disbursement of Community budget resources risked giving a distorted image. However many criticisms were levelled at the SAPARD instrument often based on this disbursement.

Since the report for 2001 was issued expenditure under the instrument has increased markedly. In particular as regards payments to final beneficiaries, (as reflected in the quarterly declarations received by the Commission) these have risen sharply throughout 2002. For the declaration relating to the last quarter of 2002 they exceeded € 20 million. This was double that of the previous quarter which in turn was some three times that of the one before. This progress was achieved without payments other than on account being made to Poland and Romania, by far the two greatest beneficiary countries. Once these two countries realise reimbursement claims proportional to their weights in the budget allocation under the instrument the impact on overall payments will be considerable.

However the Commission is still convinced that a proper assessment of the instrument must take account also of factors other than the rate of budget execution. There are several reasons for this.

One important aspect in this context is the fact that for beneficiary countries under SAPARD, as for structural expenditure in Member States, there is a time lag between commitments being made to final beneficiaries and the draw down from the budget of the corresponding Community co-financing aid.

This lag is generally not visible with Member States, as the eligible expenditure at any one time flows from a sufficiently large volume of commitments made in previous years. Thus, for example, at the beginning of the 2000-2006 period much of eligible expenditure in Member States relates to commitments to final beneficiaries made in the 1994-1999 period. A similar situation prevailed with the three new Member States when they began to absorb Community funds almost immediately post accession. In all these situations the countries concerned had the structures in place for aid to be granted, plus a stock of pre existing commitments to final beneficiaries, that were of a nature to be eligible for Community co-finance immediately upon accession.

The lack of visibility of the time lag just described is in sharp contrast to that found with SAPARD. Under this instrument and for all beneficiary countries there was a zero stock level of pre-existing commitments with final beneficiaries that could be eligible for Community co-

finance under SAPARD. Thus in order to get expenditure flowing to final beneficiaries from the Community under that instrument it was essential to build structures allowing aid to be granted and controlled (the key point being the conferral of management decision) after which commitments to these beneficiaries may be made. It is only these commitments that permit eligible expenditure to be incurred and subsequently reimbursed, and so charged to the Community budget.

The process of building the structures to apply aid schemes plays a role going way beyond the impact it has in terms of budget execution under SAPARD. The existence of these structures has a positive impact on the capacity of each beneficiary country to absorb rural development funds post accession. The significance of that role cannot be measured in terms of budget execution under SAPARD. Here the crucial factor is the way in which SAPARD is managed in all beneficiary countries, namely on a fully “decentralised” basis. On this point the instrument is unique in that the other pre-accession instruments, PHARE and ISPA, even in the few months prior to enlargement, still require at least some key points being managed by the Commission. With SAPARD the Commission is not involved in any such key points. In each of the ten SAPARD beneficiary countries, as is the case with structural funds in Member States, it is the national authorities that assume entire responsibility for management of this instrument, subject to only ex-post control by the Commission.

Already in early 2000 the Commission concluded that the way to manage SAPARD was only on a fully decentralised basis. One element in arriving at this view was the large number of projects that would need to be handled. By the end of 2002 the projects for which contracts with beneficiaries had been issued already stood at 2 160 and by end of June 2003 this total was over 7 000. Leaving aside matters of language (all projects are managed in the language of the beneficiary country concerned) such numbers were way beyond the capacity of the Commission without a totally abnormal increase in staff. Another element behind that decisions was the assessment that the skills and experience gained in the Candidate Countries from this form of management would be excellent preparation for them as new Member States by making major contribution to administrative capacity building.

Some commentators considered that the challenge of this form of management would be too great. On no occasion did the Commission share this view. Although it was a great challenge for all concerned it has been met successfully by all of the beneficiary countries.

Decentralised management with rigorous preparation (and subsequent control) was also an action consistent with the view expressed by the European Parliament in its report accompanying the 2001 Discharge. Here it called on the Commission to ensure that all Candidate Countries implement proper accounting, audit and control systems. The process leading up conferral of management decisions to apply SAPARD through decentralised management is a great step in the direction required by the European Parliament at least as regards safeguarding Community budget recourses.

The Commission also welcomes the contribution the SAPARD instrument has made to the enlargement process. The Enlargement negotiations concluded with the recognition that “the EU considers that maximum use should be made of the experience gained in the implementation of SAPARD, in particular through using the SAPARD Agency to implement and manage future rural development measures, whether funded from EAGGF Guidance or Guarantee”. The negotiations also concluded that differentiated appropriations (as for SAPARD) should be used to implement the temporary rural development instrument. These comments are particularly interesting also in the context of work leading up to the discharge for 2000. Here the financing, management and control procedures had been depicted as

complex and possibly not needed upon accession. It is now clear that many beneficiary countries want either to continue to use unchanged the structures built for SAPARD post accession (or at least to maintain much of them).

This report describes the work done and results for 2002. However, it also includes certain developments that occurred in early 2003 where to have had a cut off at the end of 2002 would have provided the reader with a truncated picture. As in the report for 2001 it includes a section based on contributions from the beneficiary countries. However, so as not to overload the text with those numerous contributions, nor to run the risk of their submission retarding the issuing of the present text, the texts of the reports received from each beneficiary country are to be published on the web site http://europa.eu.int/comm/agriculture/external/enlarge/index_en.htm, and not in the present document.

2. SAPARD - STATE OF PLAY

2.1 Accreditation of the SAPARD Agencies and decisions conferring management of aid

Pre-conferral preparatory work and audit

The Conferral of Management of aid achieved for Bulgaria, Estonia, Slovenia, Lithuania and Latvia in 2001 indicated the need to improve the approach so as to facilitate the task for the remaining countries (Czech Republic, Hungary, Poland, Romania and Slovakia) to obtain conferral decisions before the end of 2002.

The procedures and work requirements used in 2001 were improved to facilitate the assessment of the quality of the implementing procedures and to detect possible weak points in the architecture of the system.

For this purpose rather than await submission of the formal accreditation package the Commission introduced a prior, informal presentation of the system (management trail) and on the basis of that presentation set out the steps to be taken to monitor introduction of whatever corrective action was necessary.

Once the assessment of the degree of preparation of each country was completed, special attention was devoted to any major difficulties. This was the case in particular with two countries (Romania and Hungary) that had encountered difficulties such as to risk not completing the National Accreditation in 2002.

Five fact finding missions were carried out in these two countries to assess the quality and extent of preparation for accreditation.

Conferral of Management of aid

As soon as the preparation was completed and its quality considered sufficient to meet Multi-annual Financing Agreement requirements, the National Authorising Officer granted the National Accreditation. The conferral audit followed shortly afterwards leading to the Commission decision on conferral. This decision was adopted in April for the Czech Republic and Slovakia, followed in July for Poland and Romania, and finally in November for Hungary.

Thus by the end of November 2002 the conferral procedure that started in 2001 was completed for the SAPARD Agency and the National Fund in all ten Candidate Countries for at least certain measures.

For those countries that have already received conferral decisions in 2001 and early 2002, the planning for the implementation of the remaining measures included in the Rural Development programme but not yet accredited was started.

Post conferral audit (follow-up)

The auditors carried out post conferral audits in four countries (Bulgaria, Lithuania, Poland, and Romania) to ascertain that items recommended for improvement of the system detected in previous audits were settled adequately.

In the course of these audits, it was noted that the change in personnel in the SAPARD Agency (Romania) and in the Regional offices (Poland) introduced an extra element of risk in the system that required closer monitoring.

Clearance of account decisions

Bulgaria and Estonia were the two Candidates Countries that filed a declaration of expenditure relative to 2001. According to Article 11 of Section A of Multi-annual Financing Agreement, the Commission carried out two on the spot missions in 2002 that resulted in the clearance of account decision for 2001¹.

Conformity clearance decision

Article 12 of Section A of Multi-annual Financing Agreement states that the Commission shall take a decision on the expenditure to be excluded from Community co-financing where it finds that expenditure has not been effected in compliance with the Multi-annual Financing Agreement. At the end of 2001, only two countries (Bulgaria, and Estonia) had declared expenditures, and at the end of 2002 the number of countries that had declared expenditure increased to five (Bulgaria, Estonia, Lithuania, Latvia and Slovenia).

Conferral of the remaining measures (Second wave)

The conferral of management of aid was granted on a measure by measure basis. The system for the SAPARD Agency and the National Fund were implemented (first wave) to run as a general rule most of the major measures in each programme but not all of them. This was done in order to avoid the less speedily prepared measures slowing down the entire process. This approach also permitted experience gained by all parties in the first round of conferral decisions to be drawn on in subsequent work on other measures.

In the third quarter of 2002, the Czech Republic completed the national accreditation for measure 2.3 “Agri-environment” and requested its conferral. The audit was completed before the end of that year².

¹ C/2002/3612/ of 2.10.2002, marginally outside the time limit in Multi-annual Financing Agreement.

² The Commission Decision was adopted on 19 February 2003.

The Commission requested all National Authorising Officers to provide before the end of 2002 a timetable for their intentions relative to the National Accreditation and subsequent conferral requests of the remaining measures. Furthermore and taking into consideration the accession foreseen for May 2004 for eight of the ten countries, it was suggested to the National Authorising Officers of these countries to implement all the remaining measures in a single effort, if possible³.

3. SAPARD – IN OPERATION

3.1 Changes in legal frameworks

Amendments to Council Regulation (EC) No 1268/1999 and to Commission implementing Regulations (EC) No 2759/1999 and (EC) No 2222/2000.

The legal base for the SAPARD instrument is Council Regulation (EC) No 1268/1999 (the “SAPARD basic Regulation”) for which there are two Commission implementing Regulations (EC) No 2759/1999 and (EC) No 2222/2000. Because no Community legislation is directly applicable in Candidate Countries, the substance of these instruments is set out in a special instrument, the Multi-annual Financing Agreements (MAFA) concluded with each country⁴.

Modification of Regulation (EC) No 1268/1999 (Council Regulation (EC) No 696/2003)

In mid August 2002 serious flooding caused major damage *inter alia* in the Czech Republic and Slovakia⁵.

Very soon afterwards, on 28 August, the Commission decided that a response from the Community was needed in the wake of exceptional natural disasters including through the SAPARD instrument⁶. In view of the urgency a proposal was tabled already on 18 September.

The proposal took account of the fact that such events can place a considerable economic burden on affected parties both in the public and private sectors. The Commission considered that in the event of such disasters the Community should show solidarity with the population concerned. One element of the response was to propose the creation of the European Solidarity Fund under which assistance would be provided in the form of grants. The other was to modify the SAPARD basic Regulation. The changes proposed to that Regulation were to increase both the limits on intensity of aid (from 50% to 75%) and the ceiling of the Community contribution for relevant projects (from 75% to 85%) of total public expenditure.

The proposal was based on Article 308 of the Treaty, and therefore, needed to be submitted to the European Parliament for its opinion. Moreover, the proposal was also submitted to the Economic and Social Committee for its opinion. However, whilst the proposal was still

³ At the beginning of 2003 the National Authorising Officers of 7 Candidate Countries (Bulgaria, Czech Republic, Estonia, Latvia, Lithuania, Romania, and Slovakia) had indicated their intentions. In the case of Bulgaria (7 measures) and the Czech Republic (the remaining 1 measure) the National Authorising Officers have granted the National Accreditation.

⁴ For further information see section 3.8 of the SAPARD annual report 2000.

⁵ For details see section “Flooding”.

⁶ The other key initiative was to table a proposal to set up the European Union Solidarity Fund (approved by Council Regulation (EC) No 2012/2002 of 11 November 2002 (OJ L 311, 14.11.2002, p. 3).

pending before the Council the Nice Treaty entered into force which provides for a particular legal basis, Article 181a of the EC-Treaty (as amended by the Nice-Treaty). The legal basis for the proposal therefore had to be amended accordingly. The proposal for the Fund, although tabled later than that for SAPARD, led to a Council act already on 11 November 2002⁷.

Progress on the proposal concerning SAPARD was however slow and did not permit adoption of the modification in 2002 (the opinion of Parliament was given on 11 March 2003). The modification of the SAPARD basic Regulation was adopted on 14 April 2003⁸. Its content is identical to the proposal made in seven months previously.

Modification of Regulation (EC) No 2759/1999 (Commission Regulation (EC) No 2251/2002 of 17 December 2002)

There were two distinct elements that required modification in this Regulation. One concerned the scope of the training measure, the other the forestry measure. The need for the first was detected through practical experience with application of the instrument. That for the second was triggered by the work associated with the exceptional disaster initiative (see in this section “Modification of Regulation (EC) No 1268/1999”).

As regards the training measure, the initial version of Regulation (EC) No 2759/1999 limited aid mainly to farmers and other persons involved in agricultural activities. The reason for this limitation was that, in principle, it reflected rural development legislation applicable in the Community. The modification introduced by Regulation (EC) No 2251/2002 considerably widened the field of persons who could receive training so as to permit support to any person for virtually all actions covered by SAPARD. This was justified on the grounds that within the Community training of this wider range of person may be supported under another instrument, the Social Fund. However in the case of the SAPARD beneficiary countries no Community instrument is able to play a similar role to that of this fund. The modification brought about by Regulation (EC) No 2251/2002 in substance aligned the training possibilities under SAPARD upon what, in practice, is available for Rural Development in the Community including on this aspect under the Social Fund.

Concerning the forestry measure, the initial version of Regulation (EC) No 2759/1999 did not permit aid to restore forestry production potential damaged by natural disasters nor permit support for investments in forests to control fires. In view of experience of the flooding which in August 2002 caused considerable damage in various Candidate Countries including in forests, Regulation (EC) No 2251/2002 permitted aid to restore forests in the wake of exceptional natural disasters. It also removed the restriction that had previously not allowed aid for investments in forest fire prevention.

Modification of Regulation (EC) No 2222/2000 (Commission Regulation (EC) No 188/2003 of 31 January 2003)

The thrusts of the amendments introduced by the Regulation (EC) No 188/2003, the bulk of associated work being carried out in 2002, was to address two situations. One concerned the need to be able to respond rapidly and appropriately through the SAPARD instrument to

⁷ Council Regulation (EC) No 2012/2002 (OJ L 311, 14.11.2002, p. 3).

⁸ Council Regulation (EC) No 696/2003 (OJ L 99, 17.4.2003, p. 24).

exceptional natural disasters such as the serious flooding in mid August 2002. The other was to act in a timely manner to the prospect of there being a large cancellation of SAPARD commitment appropriations already by the end of 2003.

Concerning the exceptional natural disaster component the modified text introduced a derogation allowing for payments to affected beneficiaries in the form of advances, as an exception to the general rule of payment being made only after expenditure has been incurred. Application of this provision was however subject to adoption of the modification of the SAPARD basic Regulation referred to above.

Concerning the second component, the risk of large scale cancellation of appropriations became evident relatively early in 2002 when it was clear that several countries accounting for a significant part of the total SAPARD appropriations would not secure conferral of management decisions till towards the middle of the year at the earliest. At that time although seven out of the ten beneficiary countries had started to use these appropriations, three of them, including the two largest, and accounting for over two thirds of total SAPARD appropriations, could not because they had not secured Commission decisions conferring management of aid. Until the countries concerned had demonstrated their ability to fulfil the conditions justifying such a decision, the instrument may not be applied, no eligible expenditure on projects may be generated and consequently none of the appropriations for the countries concerned could be the subject of any payment order. This is fully consistent with the principles of sound financial management. However one important consequence for budget execution is that whenever the decision concerned is taken, eligible expenditure, upon which that execution depends cannot be backdated, unlike the situation for analogous expenditure in Member States.

In order to justify the new deadlines for cancellation of appropriations set in Regulation (EC) No 188/2003, due account had, in the view of the Commission, to be taken of the above situation. It was seen that SAPARD programmes in view of the timing of the conferral of management decisions could only start for Candidate Countries accounting for the bulk of the financial aid in 2002. However appropriations were first entered in the budget in 2000. Experience with countries that had started SAPARD earlier showed that there was no realistic chance for countries with conferral decisions in 2002 to be able to use any substantial part of their allocations by the deadline existing prior to the introduction of Regulation (EC) No 188/2003, namely the end of 2003. So as not to discriminate against those countries that had managed to make more rapid progress in obtaining conferral decisions all were treated identically under Regulation (EC) No 188/2003, which extended by two years the time limit for use of appropriations for the annual allocations 2000 to 2002. For subsequent years the limit moves progressively towards the rules applicable for Structural Funds. The Regulation provides that the Commission shall decommit any part of a commitment which has not been settled by the payment on account or for which it has not received an acceptable payment application by the following dates:

- (a) for appropriations corresponding to the *2000* annual allocation: 31 December 2004,
- (b) for appropriations corresponding to the annual allocation for *2001*: 31 December 2005,
- (c) for appropriations corresponding to the annual allocations for *2002 and 2003*: 31 December 2006,
- (d) for appropriations corresponding to the annual allocations for *any year after 2003*: 31 December of the second year following the year of the financial commitment concerned.

The proposal was subject of a vote in the competent committee (European Agricultural Guidance and Guarantee Fund – EAGGF) on 17 December 2002 that cleared the way for adoption by the Commission. However, in view of the importance and sensitivity of the issue (potentially avoiding cancellation of several hundred million € at the end of 2003) it was, following the request of several Member States also explained to the STAR committee (on 29 January 2003) prior to its adoption. For the same reason, the Commission took the initiative to discuss it with the Chair of the Budget Control Committee prior to its adoption.

Several points of a more technical and procedural nature were also included in Regulation (EC) No 188/2003 including a provision permitting greater flexibility concerning the timing of expenditure declarations.

Also included in Regulation (EC) No 188/2003 is a provision allowing, in defined circumstances, the responsibility of project selection to be passed to a designated organ rather than to fall exclusively under the remit of the SAPARD Agency. This innovation allows for example project selection to be decided by a designated Non-Government Organisation. This change is a move in the direction urged by Parliament concerning an enhanced role for representatives of civil society. However, by the end of 2002, it was difficult to see what use had been made by any Candidate Country of this facility to give Non Government Organisations a decision making role.

Annual Financing Agreement 2002

This agreement had six components, as follows:

- (i) *to set up and make available the Community contribution to co-finance actions under the 2002 budget*

The Community financial grant for SAPARD programmes in 2002 includes commitment appropriations under budget line B7-010 of € 545 million and a transfer of € 9.5 million approved by the budget authority on 30 September 2002 from budget line B7-010A (Administrative management) of amounts not used by the Commission. Final appropriations, including the above transfer, available for Candidate Countries thus amounted to € 554 500 000. These appropriations were allocated to Candidate Countries in accordance with Commission Decision 1999/595/EC of 20 July 1999 on the indicative allocation of the annual Community financial contribution to pre-accession measures for agriculture and rural development. The resulting amount by country is as follows:

ANNUAL FINANCING AGREEMENT 2002 – ALLOCATION BY COUNTRY

Country	Amounts in €
Bulgaria	55 582 227
Czech Republic	23 526 795
Estonia	12 942 243
Hungary	40 578 737
Latvia	23 297 531
Lithuania	31 808 039
Poland	179 874 468
Romania	160 630 119
Slovakia	19 502 405
Slovenia	6 757 436
TOTAL	554 500 000

- (ii) *a provision so that final beneficiaries may secure, without interruption, contracts for support under SAPARD and under the rural development support system post accession*

The period of validity of the commitment made to the beneficiary country in the Annual Financing Agreement 2002 runs till the end of 2004 (to be extended to the end of 2005 by Annual Financing Agreement 2003), namely well after the date of accession. It was necessary in the Annual Financing Agreement 2002 to stipulate the time limit within which the SAPARD Agency could issue contracts with beneficiaries it being a pre-accession instrument, and to avoid a situation where for the same project an interested party had the choice of support from two instruments. It was also important to ensure that the possibility of obtaining support was not subject to interruption due to accession. This objective was secured by laying down that no contract involving Community funds shall be entered into by the SAPARD Agency with any beneficiary later than the date the country concerned enters into contracts involving a form of assistance for Rural Development as a member of the European Union.

- (iii) *streamlining the tasks of project selection, role of Non-Governmental Organisations*

The modification opened the way for greater flexibility in project selection for certain measures namely those where in the programme there is only one designated beneficiary (or in the case of the agri-environment measure, more than one such body). These changes were designed to widen the role of Non-Governmental Organisations in the SAPARD process⁹. Although most countries expressed support for enhancing the role of Non-Governmental Organisations during the meeting of Ministers from Candidate Countries held under the auspices of the European Parliament in February 2001, only four (Slovenia, Bulgaria, Estonia and Hungary) of the ten eligible asked to have this option included in their Agreement for 2002. However as reported above, by the end of 2002 it was difficult to see what use had been made by any Candidate Country of this facility.

⁹ See also in the section “Modification of Regulation (EC) No 2222/2000”.

- (iv) *introduce eligibility under SAPARD for supplies originating in Cyprus, Malta and Turkey*

The Council decision taken late in 2001 widened eligibility under SAPARD to goods, services and supplies originating in Cyprus, Malta and Turkey¹⁰. This development was therefore introduced into the Multi-annual Financing Agreement via the Annual Financing Agreement for 2002.

- (v) *to make timely arrangements in anticipation of modification of the SAPARD basic Regulation*

In order to ensure that in the event of the Council modifying the SAPARD basic Regulation to include specific provisions relating to exceptional natural disasters (see section “Changes of legal frameworks, Modification of Regulation (EC) No 1268/1999”), corresponding changes were introduced into the Multi-annual Financing Agreements through the Annual Financing Agreement for 2002¹¹. These changes envisaged increasing aid intensities and co-financing rates but did not prejudice the attitude the Council might take over the proposal. This approach was taken so that in the event of rapid conclusion of that legislative process no further delay would be caused due to the Multi-annual Financing Agreement not already accommodating relevant provisions.

- (vi) *technical changes*

A number of essentially technical changes were introduced through the Annual Financing Agreement for 2002.

Other specific initiatives taken by the Commission to help with application of SAPARD

The Commission was involved in numerous activities in particular helping to prepare Monitoring Committees, to give advice during them and to follow-up all initiatives taken in that context which required action by it. Such follow-up concerned in particular numerous programme changes. Annex B gives an overview of the number of decisions the Commission has taken on changing the SAPARD programmes since the start.

The Commission invited the beneficiary countries by letter sent in June 2002 to bring forward any suggestion, which could help to ease the implementation of the SAPARD programme. To date the response from three countries has been relatively modest. However, all programme modifications approved by the Monitoring Committee were given a positive follow-up by the Commission except in the case of the deletion of the agri-environmental measure (voted unanimously) by the Monitoring Committee for Poland.

The Commission responded to numerous requests from parties interested in any aspect of SAPARD, originating within the beneficiary countries and elsewhere. Over and above such activities, and independent of their importance at least to those who triggered the requests, these activities have become of an almost routine nature and thus do not warrant other than passing mention in this report. There were however several initiatives which require mention, as follows:

¹⁰ Council Regulation (EC) No 2500/2001 (OJ L 342, 27.12.2001, p. 1).

¹¹ In the case of the Czech Republic this change was made in Annual Financing Agreement 2001

Sensitive sectors

During the negotiation and approval of the programmes, the Commission recognised the need for pre-accession assistance under SAPARD also in sensitive sectors where in the European Union there are restrictions, or even exclusions for support to investments. Such sectors are recognised as meat, milk, eggs, sugar, wine, starch, milling, and malting. Permitting aid in these sectors under SAPARD was warranted so as not to obstruct the underlying objective of this instrument, namely to prepare structures in beneficiary countries for accession.

However in the context of the various programmes it was agreed that a more specific and detailed monitoring system should be developed to follow developments in sensitive sectors. Such monitoring would enable instances where SAPARD might lead to a considerable increase in production capacities in sensitive sectors for appropriate, timely action to be taken.

In June 2002 the Commission issued guidance to all beneficiary countries on this issue in particular by indicating the specific sectors concerned and the indicators to be used. Consistent with the normal practice on SAPARD that guidance issued only after a draft had been discussed with all countries concerned.

Infrastructure generating substantial net revenue

To respect the aid intensity limits laid down in the SAPARD basic Regulation the Commission already in 2001 issued advice to all beneficiary countries on how to determine if a project is to be considered as generating substantial net revenue. That advice was important because if such revenue were generated by a project involving infrastructure, the aid intensity must respect a 50% (rather than a 100%) intensity limit.

The advice issued was based on the concept of “substantial net revenue” taken from the Structural Funds general Regulation (EC) No 1260/1999, Article 29(4)(a). A similar approach under SAPARD to that under the Structural Funds was set out in that advice. The Commission did however explicitly recognise that it was willing not to insist on a single interpretation of the relevant revenue and acknowledged that differentiation might be necessary if, for example, the underlying circumstances in different countries or project types, warranted other approaches.

Consistent with the above the Commission issued in December 2002 revised guidance. This was after discussion with an interested country, which foresaw problems with the paper of 2001 in certain circumstances. In substance the revised guidance, issued to all countries, recognised that in cases of certain relatively small private infrastructure projects these would be deemed not to generate substantial net revenue, and aid at up to 75% of total eligible costs, would be considered eligible.

Monitoring of commitments

In the early autumn of 2002, shortly after virtually all countries had secured a conferral of management decision, and thus SAPARD was able to operate widely, there was a priority shift from work associated with preparation to operation of the instrument.

The nature of the work of each Monitoring Committee increasingly in 2002 reflected this development. Most started to focus more on the need to examine progress of their programme as provided for in the Multi-annual Financing Agreement. Such work was based largely on information generated by the relevant SAPARD Agency but also on input from other parties, including interested Non Governmental Organisations.

As more data became available these committees could see developments in the quarterly reports from the Commission based on expenditure declarations. Inevitably such reports cannot provide an up-to-date picture of what is really happening in terms of application of the instrument. Expenditure declarations are the result of an upstream event, namely that of potential beneficiaries becoming beneficiaries by being awarded contracts from the SAPARD Agency for their projects. Thus although not all such contracts will lead to a corresponding amount being included in a subsequent expenditure declaration, their volume and value provide useful benchmarking. This at least was the idea of the Commission when it floated the suggestion to all beneficiary countries in a letter sent in October 2002. In essence the suggestion was to set up an information exchange based largely on commitments made by SAPARD Agencies to final beneficiaries. Interested countries were invited to provide data in a standard format, which the Commission would put into tabular or graphic form, to the extent possible on a comparable basis. In order to head off the risk of accusation that the idea was yet more bureaucracy it was stressed that the system would be entirely voluntary, and was designed to be simple to run in terms of data supply, as well as to use.

In the event all countries agreed with the idea as put forward. The first report covered the period from the start of SAPARD to the end of 2002 (and was sent to all beneficiary countries on 31 January 2003). A copy of that report is attached (Annex D) along with more recent data.

Timely execution of SAPARD budget appropriations

From the beginning of application of SAPARD the Commission has provided advice on financial management of the instrument particularly from the perspective of actions that could help to ensure full utilisation of appropriations consistent with the programme objectives. The first such exercise involving all beneficiary countries was during the seminar in Tartu (Estonia) in July 2001. In substance this part of the exercise was repeated during the seminar in Brussels in June 2002. Here it was again mentioned that one of the indicators of success of SAPARD is the degree to which the beneficiary country takes-up Community support. The possible causes of low implementation were again outlined and the Commission put forward several options to address this. These included that of not limiting commitments to final beneficiaries of amounts in any particular Annual Financing Agreement, and through good monitoring and management, to identify and to respond to problems.

That particular advice was further stressed in a letter from the Commission to all beneficiary countries sent in October 2002. This more recent advice likewise put emphasis on pressing ahead with commitments to final beneficiaries and explicitly raised the risk of cancellation of unused commitment appropriations. On this aspect it was pointed out that, even if the time limits for cancellation were extended (as they in fact occurred – see in this section “Modification to Regulation (EC) No 2222/2000 (Commission Regulation (EC) No 188/2003 of 31 January 2003)” care would still need to be taken in managing the SAPARD instrument to minimise the risk of these appropriations being lost.

On an aspect related to timely execution of SAPARD budget appropriations, but not limited to this, is the willingness of the Commission to remove any rules seen to be “complex”. The importance of this issue has underlined in the discharge resolution of Parliament for the 2000 budget where reference was made to the complexity of SAPARD rules. So as to take on board in a practical sense this point the Commission, by letter sent to beneficiary countries in June 2002, issued a standing invitation to receive suggestions to make the rules less complex. To date the response from the beneficiary countries has been remarkably modest.

3.2. Execution in 2002 – Financial and budgetary issues

(i) Appropriations available and financial execution in 2002

Commitments (*Mio €*)

	voted budget	changes *	total available appropriations	implementation	lapsed
B7-010	545,0	9,5	554,5	554,50	0
B7-010A	10,0	-9,5	0,5	0,06	0,44
Total SAPARD	555,0	0	555,0	554,56	0,44

* 9 500 000 were transferred from B7-010A to B7-010.

Payments (*Mio €*)

	voted budget	changes *	total available appropriations	implementation	lapsed
B7-010	360,0	0	360,0	123,76	236,24
B7-010A	10,0	0	10,0	0,11	9,89
Total SAPARD	370,0	0	370,0	123,87	246,13

Commitments

SAPARD appropriations are included in heading 7 of the budget. They are classified as non-compulsory expenditure and involve differentiated appropriations. Chapter B7-01 (the SAPARD pre-accession instrument) includes Articles B7-010A (Agriculture - expenditure on administrative management), and B7-010 (Agriculture). The former is devoted to finance certain technical assistance measures taken on the Commission's initiative. The latter finances the Community contribution to SAPARD programs implemented by Candidate Countries.

SAPARD budgetary allocations for commitments in the 2002 budget were set at € 555 million of which € 545 million was for programme line B7-010, and € 10 million for the administrative management line B7-010A.

On 30 September 2002 the Budgetary Authority adopted a transfer of € 9,5 million of amounts not used by the Commission from administrative line B7-010A to program line B7-010 to make them available for the programs. Consequently, final appropriations available for Candidate Countries amounted to € 554,5 million (included in the Annual Financing Agreements 2002). An amount of € 438 879 of available appropriations was not used in 2002 and lapsed.

Payments

Allocations for payments were set at € 360,0 million for budget line B7-010, and € 10 million for line B7-010A.

No appropriations were carried over from 2001. An amount of € 246,13 million of payment appropriations was not used in 2002 and lapsed.

(ii) Use of funds

Implementation of the Administrative management budget line B7-010 A

An amount of € 61,121 of Administrative management commitment appropriations was used under Article 7(4) of Regulation (EC) No 1268/1999 by the Commission to cover the costs of a seminar on “aspects of programme management” in Brussels.

The Commission proposed to transfer part of the appropriations remaining on the assistance line B7-010A (€ 9,5 million) to the programme line B7-010. This transfer was adopted by the Budgetary Authority and enabled the amount concerned to be included in the Annual Financing Agreements for 2002, and so reinforcing (using the same distribution key as for the global amount) the Community finance available for each of the agriculture and rural development programs. As already mentioned an amount of € 438 879 of available appropriations was not used and lapsed.

A total amount of € 111 937 of payment appropriations was used to pay commitments made for a seminar on 12 and 13 November 2001 in Brussels on the implementation of pilot actions relevant to EU agri-environmental policy and for a seminar on 17 and 18 June 2002 also in Brussels relating to “aspects of programme management”¹². An amount of € 9 888 063 of available appropriations was not used and lapsed.

(iii) Implementation of the program budget line B7-010

(a) Commitment appropriations

Commitment of total available budget appropriations for implementing SAPARD programs in 2002 (€ 554,5 million) followed the approach taken in 2000 and 2001. A global commitment was made once the Commission adopted, on 22 October 2002, the model text of the Annual Financing Agreements and authorised the Member of the Commission to sign it with each Candidate Country.

The provision for making a global commitment under Article 36(2) of the Financial Regulation allows the Commission to commit the whole amount available for a given year and set up the individual commitments for each country before the end of the next year. Individual commitments at a total amount of € 539,6 million (equal to Annual Financing Agreement 2001) were made in early 2002 for each of the Candidate Countries. The global commitment of to Annual Financing Agreement 2002 was made on 18 October 2002, followed by the signature in the first half of 2003 of the Annual Financing Agreement 2002 for Bulgaria, Latvia, Lithuania, Slovenia, Poland, Romania, the Czech Republic and Hungary¹³.

(b) Payment appropriations

Article 7 of Section A of the Multi-annual Financing Agreement relating to payments from the Commission to the SAPARD euro account distinguishes, in paragraphs 5 and 6, between payments on account and interim payments. The former are made after adoption of the

¹² The final amounts actually paid for these seminars were € 50 816 for the seminar on pilot actions and € 61 121 for the seminar on programme management.

¹³ For Estonia and Slovakia the Annual Financing Agreement is planned to be signed later in 2003, for a total amount of € 32,4 million.

programme, on condition that the Commission decision conferring financial management to the SAPARD Agency has been adopted, and after the Multi-annual Financing Agreement and the first Annual Financing Agreement have been concluded. Interim payments reimburse expenditure actually paid under the programme as certified by the National Authorising Officer. As this expenditure is only possible after conferral of financial management upon the responsible agencies, these payments may be made only after the conferral decision has been taken.

(c) Payments on account

Article 7(5) of the Section A of the Multi-annual Financing Agreement provides for this initial payment, and stipulates that the amount shall not exceed 49% of the first SAPARD annual commitment for each country, and that it may be made in more than one instalment. Under Multi-annual Financing Agreement the National Authorising Officer is to use this amount throughout the lifetime of the programme only to pay the Community contribution to expenditure in compliance with that agreement.

To determine the actual amount of this initial payment, the Commission considers the actual needs of cash to reimburse eligible cost incurred by the SAPARD Agency, including the implications flowing from conferral of management limited only to some measures of the programme for the country concerned and the fact that no expenditure is eligible if incurred prior to the decision conferring management. For reasons of sound financial management it was consequently decided to make the first payment on account limited to a half of the maximum possible amount. To take account of the fact that only some of the measures in each programme had benefited from the conferral of management decision, it was decided to calculate, for 2002 as in 2001, the “maximum possible amount” only for these measures, but taking into account the margin for each individual measure (10% of its total allocation 2000-2006) provided in the financial table of the programs.

Following the Commission decision on conferral of management the following initial payments on account were made in 2002:

Candidate Country	Payment on account (€)
Czech Republic	5 497 951
Hungary	9 482 800
Poland	42 034 668
Romania	37 537 477
Slovakia	4 557 496
Total	99 110 392

Second instalments of the payment on account were also made in 2002 in favour of Estonia (€ 3 024 458), Slovenia (€ 1 579 137) and the Czech Republic (€ 5 497 951), in each case bringing the total to the maximum of 49% of the first SAPARD annual commitment. The advances paid in 2002 thus amount to € 109 211 938. The need for additional payments on account were justified by the amount of payment claims received from final beneficiaries but not yet settled, and in the case of the Czech Republic by the expected needs following the August 2002 floods as provided in Multi-annual Financing Agreement, as modified by the Annual Financing Agreement in 2001 for that country. It may be noted that had the policy of restricting payments on account to half the legal limit except in cases of manifest need, budget execution in 2002 could have been over € 100 million greater than it was.

(d) *Interim payments*

Payments reimbursing actual expenditure as set out in the expenditure declarations and applications for payments were submitted by Bulgaria, Estonia, Lithuania, Latvia and Slovenia.

Candidate Country	Interim payments (€)
Bulgaria	4 925 884
Estonia	3 529 508
Lithuania	3 200 180
Latvia	2 797 570
Slovenia	94 196
Total	14 547 338

(e) *Appropriations not used in 2002*

An amount of € 236 240 723 of available payment appropriations was not used and lapsed.

One major reason for this was that Poland and Romania, for which the conferral decisions were approved in July and August 2002, did not apply for reimbursement of any incurred expenditure chargeable to the 2002 budget. The share of these two Candidate Countries in the total appropriations is so large (61,4%) that overall budget execution is heavily dependent on how these two countries perform.

A further factor was the scale of the payments on account limited to half of the 49% ceiling for six Candidate Countries. The Commission did consider making payments subject only to that limit, in which case budget implementation could have risen sharply as mentioned under point (i). The decision not to do so was made to give higher priority to sound financial management than to more complete budget implementation. It may be noted that at the end of June 2003 payments made by the Commission (including received requests for which the payment procedure is in progress) from the Candidate Countries amounted to € 209,4 million, an increase of € 55,2 over the level at the end of 2002. The total of € 209,4 million is made up of € 147,1 million of payments on account and € 62,3 million of reimbursement. The figure of € 55,2 million is made up of € 7,4 million of payments on account and € 47,8 million of reimbursement.

3.3 Work carried out in relation to the Court of Auditors

The Court of Auditors continued to give close attention to SAPARD during 2002. The Commission is still however awaiting the observations the Court undertook to make relating to the legal base of the instrument (point 6.7 of the report from the Court, of 15 December 2001).

4. MID-TERM-EVALUATION

Article 5(1) of the SAPARD basic Regulation establishes that, for assessing the effectiveness of measures included in SAPARD programmes, these programmes must be subject, *inter alia*, to a mid-term-evaluation.

The SAPARD implementing Regulation (Commission Regulation (EC) No 2759/1999), specifies that appraisals and evaluation shall be carried out taking account of the procedures

for evaluation provided in Title IV Chapter III of Regulation (EC) No 1260/1999 (Structural Funds Regulation) and also provided by Section 5 of Regulation (EC) No 1750/1999 (Rural Development implementing Regulation repealed and substituted by Regulation (EC) No 445/2002).

The above-mentioned requirements are reflected in Articles 9, 10 and 11 of Section B of the Multi-annual Financing Agreement with each Candidate Country.

Following seminars on evaluation held on 14-18 May 2001 (already reported on in the 2001 SAPARD Annual report) the specific details for mid-term evaluation were discussed in another seminar (held on Brussels on 17-18 June 2002) on “aspects of management and implementation of the SAPARD programmes”. During this seminar special attention was given to the organisational and methodological aspects of the mid-term evaluation. Draft “Guidelines for the mid-term evaluation of rural development programmes supported by SAPARD” were presented and discussed with the Candidate Countries. In August 2002, after revision of the document, the Commission sent these guidelines to the Candidate Countries to initiate first steps to get the process of mid-term evaluation going and giving guidance to the procedures. These guidelines were also presented (for information) to all Member States in the STAR Committee and are available on the DG AGRI web site/enlargement (http://europa.eu.int/comm/agriculture/external/enlarge/index_en.htm).

Generally this evaluation exercise must follow the usual five step-structure of the evaluation process, i.e. structuring, data collection, analysis, judgement, and reporting. The main goal is to examine the initial results of the programme, as well as their consistency with the ex-ante appraisal, the relevance of the targets and the extent to which they have been attained. This exercise will also assess the use made of financial resources and the quality of reporting and implementation.

In specific terms the objectives of the mid-term evaluation are:

- to evaluate the continued appropriateness of the SAPARD strategy in terms of relevance and (internal and external) consistency;
- to assess the appropriateness and effectiveness of the implementing arrangements (division of responsibilities, management, and control) as well as the monitoring system (as a source of information for evaluation and a tool for management);
- to evaluate the initial achievements of the SAPARD programme in terms of effectiveness and efficiency;
- to apply the common and programme specific evaluation questions, criteria and indicators;
- to assess the institutional impact of SAPARD as a means of preparing the relevant Candidate Country for the implementation of the *acquis communautaire*;
- to formulate recommendations in relation to potential adjustments of the programme.

During 2002, Candidate Countries continued to make progress with this exercise. By December 2002 all Candidate Countries except for Hungary had published their pre-information notices (contract forecasts)¹⁴.

Workshops on mid-term evaluation organised by the Commission from June 2003 provide an opportunity to all involved bodies to discuss the evaluation plan and exchange views on the expectations for the exercise and will help to ensure that the Commission's guidance on evaluation is incorporated into this plan¹⁵.

5. SAPARD – 'THE LEARNING PROCESS' - KEY ELEMENTS IN RELATION TO 2002

5.1 Monitoring of commitments

In the autumn of 2002, shortly after conferral of management decisions had been taken in favour of virtually all beneficiary countries, the SAPARD instrument was able to be widely applied. This development meant that the priority for many parties shifted from preparation to operation.

This development concerned the nature of work of various parties, especially SAPARD Agencies and Monitoring Committees, to increasingly focus on operational aspects. The Commission considered that such work would be assisted were the parties involved able to assess progress with their programme in comparison with that in other beneficiary countries, in particular as for all concerned the exercise was entirely novel.

The only source of readily comparable data which the Commission initially had concerned information based on the quarterly *expenditure* declarations pursuant to Article 9 of Section A of the Multi-annual Financing Agreement. The information in those declarations is a central component of the instrument. It is moreover sometimes seen as perhaps the key indicator of progress with the instrument, as for example in work leading up to the European Parliament resolution for discharge in respect of implementation of the budget for 2001. However, the Commission felt that a more relevant indicator of progress than one based on expenditure declarations, in particular in the relatively early phase of implementation of SAPARD, could usefully be employed at least by those closely involved in applying the instrument.

As a result the Commission suggested to each beneficiary country that an information exchange be set up based largely on *commitments* made to final beneficiaries. The reason for this is that such commitments are an essential precursor of each component part of the expenditure declaration, and precedes the latter by a period that could extend over many months. This phenomenon is also a characteristic of Community expenditure related to investments under Structural Funds. However its impact in terms of budget flows is not readily evident with these Funds as the time when commitments to final beneficiaries may be entered into is not subject to Community rules, and moreover expenditure incurred can be backdated to the time when the programming period starts. Neither of these possibilities exists under SAPARD. Therefore the Commission felt that at least for purposes of management information, a more appropriate tool than expenditure would be useful.

¹⁴ By March 2003 all countries, except for Estonia, Slovenia, and Hungary, which follow a simplified procedure, had published their procurement notices in the Official Journal. Almost all countries had started the mid-term evaluation of their SAPARD programmes by end of June 2003.

¹⁵ The first such seminar concerned the Czech Republic, carried out on 28 May 2003.

The information exchange envisaged had to strike an appropriate balance would be struck between simplicity and utility. The Commission felt that this objective could be met if the exchange were based on the cumulative level of commitments to final beneficiaries entered into by each SAPARD agency irrespective of whether they had resulted in a payment, and communicated quarterly but showing monthly totals. All countries agreed to participate in sending data for this voluntary system. The data received is put into tabular and graphic form by the Commission services. To facilitate comparisons the amounts are shown in comparison to a base that for each country is the Community contribution in its Annual Financing Agreement for 2000. To deal with the different times when the conferral of management decisions have been taken the data is presented showing the number of months since the first conferral decision was taken for the country concerned. The data exchange also shows the level of commitments in terms of Community contribution by measure for each country, and, by measure, the total number of projects approved.

Experience to date with the system shows that it is useful for benchmarking in particular for the SAPARD Agencies and Monitoring Committees. It has also been used to draw attention to the risks of cancellation of unused commitment appropriations, in particular in instances of countries where, over time, the rate of issuing contracts with final beneficiaries has not even kept pace with amounts set out in successive Annual Financing Agreements¹⁶.

5.2 Flooding

In August 2002, central Europe experienced severe flooding. Following a meeting between leaders from the affected countries and President Prodi, Community emergency aid was promised. On 28 August the Commission announced a proposal for the establishment of a special fund to be drawn on in the event of natural, technological or environmental disasters. The Commission also confirmed that actions aimed at restoring the capacity of rural areas following flood damage could be considered as falling within the scope of SAPARD¹⁷.

Two countries requested modifications to their SAPARD programme in light of the impact of the flood damage, namely the Czech republic and Slovakia. In the case of the Czech Republic, it reported that approximately 40% of its territory was damaged by floods with some 6% of its territory actually under water causing damage in 753 municipalities. It was estimated that the costs of the flood damage were equivalent to about 3,1% of the country's GDP in 2002. Total damage in the agricultural sector was estimated at around € 121 million. In the case of Slovakia, the total area affected by the floods was estimated at around 8 700 hectares. Follow-up meetings were undertaken by representatives from the Commission culminating in a set of programme amendments, which were subsequently discussed and approved by each country's respective programme Monitoring Committee in October 2002.

In light of the floods, amendments were made to the Multi-annual Financing Agreements. For reasons of rapidity in the case of the Czech Republic amendments were made to the Multi-annual Financing Agreement through the Annual Financing Agreement for 2001 (rather than for 2002). Article 16 was inserted in the Multi-annual Financing Agreement covering the case of exceptional natural disasters. This states that in the event that the Commission determines that an exceptional natural disaster had affected the Czech Republic, revised intervention rates

¹⁶ This was the subject of letters sent by the Commission to each beneficiary country in early April 2003, which set out options that might be taken to help to ensure more effective implementation of the various programs.

¹⁷ See section "Changes in legal frameworks".

could apply (increasing the ceiling on public aid from 50% to 75% of public aid as well as a higher rate of Community co-financing from 75% to 85%). These revised rates formed part of a modification proposed by the Commission to Council Regulation (EC) No 1268/1999 in response to the floods crisis. In addition derogations could be authorised to allow for additional payments on account, advance payments to beneficiaries, and the possibility to apply the programme on a retrospective basis as well as derogation from certain provisions of the Multi-annual Financing Agreement such as obligations in respect of public procurement.

The SAPARD programme for the Czech Republic was subsequently amended to take account of the revised intervention rates, eligibility criteria to include provision for an exceptional natural disaster and revised selection criteria to ensure the prioritisation of applicants directly affected by the disaster. In the case of Slovakia, the Monitoring Committee approved a modification to the existing measure on rural infrastructure. This measure was limited in the programme to the modernisation of buildings with historic, cultural or national value. The modification extended the measure to include provision for the upgrading of rural infrastructure covering local roads, bridges, footbridges, water supply as well as gas and sewage pipelines.

All the aforementioned changes were made very soon after the Commission tabled the relevant proposal to modify the SAPARD basic Regulation. However as modification of that Regulation, for reasons explained in section “Changes in legal frameworks” could not be secured until mid April 2003, potential beneficiaries had to wait at least till then to know if they would be able to benefit from the improved facilities proposed the previous September.

5.3 Seminars financed under Article 7(4) “Assistance by the Commission”

During the course of 2002, two seminars were organised by the Commission involving the use of Article 7(4) assistance:

Seminar on “Aspects of programme management” in Brussels;

Seminar on “Certification of the accounts of the SAPARD Agencies” in Vienna.

5.3.1 Seminar on “Aspects of programme management” in Brussels

The seminar was held on 17 and 18 June in Brussels on aspects of programme management, implementation and delivery. Attended by five participants from each of the ten Candidate Countries, this seminar provided an opportunity to examine a wide range of subjects relating to the SAPARD programmes. Subsequent feedback from the seminar indicated a high level of satisfaction with the content of the seminar. Over three-quarters of the participants who completed a follow-up questionnaire indicated that the value of the seminar lay in the opportunity it provided for the exchange of experience.

A number of contributions were made by the representatives of the respective Managing Authorities and SAPARD Agencies. The main operational conclusions were:

- in respect of monitoring there was a need to operate to a strict timetable for preparing Monitoring Committee meetings with appropriate documentation as well as a need to take into account data on sensitive sectors;
- the need for necessary preparations for all countries in respect of the obligations for a mid-term evaluation to be undertaken of each programme;
- there was a need to examine ways to increase the rate of financial implementation.

5.3.2 Seminar on “Certification of the accounts of the SAPARD Agencies” in Vienna

The seminar was held on 7 and 8 November in Vienna and brought together representatives from Certifying Bodies of all Candidate Countries receiving SAPARD-aid. The Austrian authorities hosted the seminar and provided some expert speakers.

The certification exercise, required by Article 6 of Section A of the Multi-annual Financing Agreement, took place for the first time in 2002. However, only a small number of agencies were involved and expenditure was low. Subsequently a much larger number of agencies will be involved and the level of expenditure will be significantly higher. The purpose of the seminar was to help ensure that the work of the Certifying Bodies is harmonised and developed as far as possible.

From the experience gained from the first financial clearance of accounts the Commission proposed several amendments to the “model of certification report” and provided further guidance in respect of the audit work to be done to meet generally accepted audit standards in the framework of the certification of accounts.

6. INVOLVEMENT IN SAPARD OF NON GOVERNMENT ORGANISATIONS

The SAPARD annual report for 2001 had an entire section, number 9, on the involvement of Non-Government Organisations and representatives of civil society. In it the Commission recognised both the great interest in this expressed in particular within the European Parliament in the context of the “INPARD¹⁸” initiative. It also mentioned some practical difficulties that could be anticipated with such an initiative. The Commission however explained that its reluctance should not be interpreted as opposing the development of the role of civil society in the context of SAPARD.

In February 2002 the attractiveness of an increased involvement of civil society, the “bottom-up” approach, was underlined before the Committee on Agriculture and Rural Development of the European Parliament by Ministers of Agriculture of Candidate Countries many of whom expressed support for the INPARD approach. In order to ascertain what practical action was felt necessary by these countries following their ministerial level declarations, the Commission invited them by letter of 13 June 2002 (in the context of the draft Annual Financing Agreement 2002) to set out their requirements. No country sought a modification of the SAPARD basic Regulation (which has no provision for initiatives of the nature of INPARD). For six out of the ten beneficiary countries their wishes could be accommodated without any modifications of existing legal instruments, the Multi-annual Financing Agreements and the national programmes. Concerning the other four countries the modifications they required could all be satisfied by changing those Agreements. The changes were to allow project selection for certain measures to be the responsibility no longer of the SAPARD Agency but of Non-Government Organisation(s) to be designated in the programme, but in all cases with the SAPARD Agency retaining all other responsibilities including assessing eligibility. Although the requested changes were made in the relevant

¹⁸ INPARD - Innovative Participatory Rural Development; Initiative of the Agriculture and Rural Development Committee of the European Parliament for promoting a new pre-accession instrument.

Multi-annual Financing Agreements, even by the end of June 2003 no country had submitted requests for programme changes to allow any Non Government Organisation to exercise this power of project selection.

The exercise just described puts the declarations made by many ministers in February 2002 into a perspective less enthusiastic than might otherwise have been assumed. However it does not mean that the Commission took a more relaxed attitude in 2002 towards the importance of Non-Government Organisations in the SAPARD context.

During 2002, Commission staff participated in a number of seminars and meetings involving representatives of civil society.

As part of its objective to strengthen civil society and to promote multi-national exchange in rural development, the PREPARE (Pre accession Partnerships for Rural Europe) programme organised a Travelling Workshop in September 2002 in Finland to provide an exchange of experience between the Candidate Countries in receipt of SAPARD on the lessons arising from Finland's experience of developing local initiatives. Each Candidate Country was represented by a delegate from its national administration as well as relevant Non Government Organisations. Detailed presentations on the structure of rural policy in Finland were provided by representatives from the Ministry of Agriculture in Finland including officials with experience of working with local action groups. Presentations were also provided on the village movement in Finland. A range of problems were identified relating to SAPARD during the discussions such as the difficulty of securing adequate finance to establish projects and the obligations placed on applicants. Despite these difficulties, a number of countries on their own initiative commented on the success of SAPARD. Representatives of Non Governmental Organisations in the Candidate Countries expressed their desire for greater local involvement in SAPARD. The Commission explained the possibilities for improving partnership in Monitoring Committees including proposals in the draft Annual Finance Agreement for 2002 for greater local involvement in decision-making.

In October 2002, a representative from the Commission, at the invitation of the Slovak Rural Parliament, addressed its Second General Assembly. The desire for greater recognition to be given to the micro-regions and partnerships of micro-regions as eligible beneficiaries of public or state aid was highlighted. Considerable interest was expressed by a number of participants in the potential for local initiatives. Following the conclusion of the seminar, the Rural Parliament arranged for the Commission representative to attend meetings with mayors of villages in the Velka Fatra area followed by a tour of the micro region of Rimava which included a meeting in one village which had recently been included in a micro-regional development strategy based on participatory methods involving the local community in drawing up a detailed socio-economic analysis and the formulation of a development strategy¹⁹.

¹⁹ A development from this was the seminar on "Developing and promoting local initiatives in the Candidate Countries" in Pardubice (Czech Republic) in May 2003.

7. INFORMATION ON EUROPEAN ANTI FRAUD OFFICE (OLAF) ACTIVITIES CONCERNING SAPARD

According to Article 15 of the SAPARD basic Regulation and to Item 7, Section F of the Multi-annual Financing Agreement, the beneficiary countries are required to make quarterly reports of irregularities involving Community co-financing.

In 2002, all Candidate Countries have received payments from the Commission and were therefore obliged to inform the Commission services on the irregularities occurred. Latvia, and Romania have reported that no irregularities have occurred in 2002. Bulgaria communicated one irregularity, Slovenia nine.

The Commission services intend to improve the quality of the transfer of these communications by using the Anti-Fraud Information System, which enables the Candidate Countries to put forward the information on irregularities electronically and in a standardised way²⁰.

8. PUBLIC PROCUREMENT

2002 was the first year during which public procurement rules for SAPARD needed to be applied, including the publication of tender notices. These rules are applicable after the conferral management of aid for the relevant SAPARD measures namely those involving beneficiaries other than private ones. The most important measures including public procurement are rural infrastructures and for some countries the mid-term evaluation of the programmes.

Among the criteria for accreditation of a SAPARD Agency, the rules for the procurement by public bodies of services, works and supplies have to be respected for the relevant measures. According Article 14(2)(6) of the Multi-annual Financing Agreement, these rules shall be consistent with the rules set out in the Commission manual entitled "Service, Supply, and Work Contracts concluded within the Framework of Community Co-operation for the Third Countries".

Publication of tender notices is a legal obligation for SAPARD. All service contracts of a value equal to or higher than the equivalent of € 200 000 and work contracts of a value equal to or higher than € 5 000 000 are the subject of a specific procurement notice ("international tender"), published by the Commission in the Official Journal of the European Communities, on the Internet and in all other suitable media.

For supply contracts of a value equal to or higher than € 30 000 and lower than € 150 000, and for work contracts of a value equal to or higher than € 300 000 and less than € 5 000 000, the award of contracts is by public invitation to tender published locally ("local tender"). In addition, the Commission publishes on the EuropeAid web site the reference for these "local" tenders.

Consultation of the web site demonstrates that a significant number of notices have been published in particular from early 2003.

²⁰ By September 2003 all Anti-Fraud Co-ordination Service (AFCOS) established in the 10 Candidate Countries should be able to use the AFIS facilities.

9. CONTRIBUTIONS FROM CANDIDATE COUNTRIES

By letter of 13 March 2003 the Commission invited all Candidate Countries to submit contributions for inclusion in this report. The following contributions were sent by the Candidate Countries.

2003 will be the first year, where five out of ten countries, namely Bulgaria, Estonia, Lithuania, Latvia, and Slovenia are obliged to submit an annual report on implementation of their SAPARD programme. According to Article 8(1) of Section B of the Multi-annual Financing Agreement these reports have to be submitted to the Commission within six months from the end of each full calendar year of implementation, which in the case of the five countries mentioned is the end of June 2003. These reports will be made available on the Commission's web site:

http://europa.eu.int/comm/agriculture/external/enlarge/index_en.htm

9.1 ESTONIA

The paper will give an overview of the program progress in year 2002, and short overall assessment to the program, and also about the decisions of the last monitoring committee meeting.

Description of the program in 2002

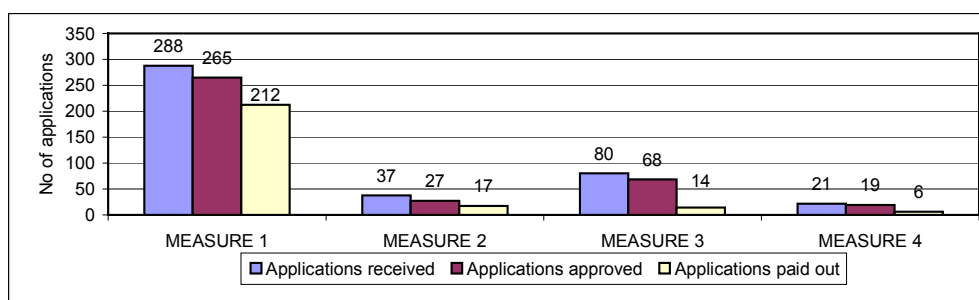
The reception of investment support applications under all measures began on 11 February 2002. For measure 2 receptions of investment support applications were issued on 26 March, for other measures the receptions of applications finished on 27 September 2002.

In total 426 applications were received in the framework of SAPARD programme in 2002 which is almost half more than during the previous year.

Under the investment in agricultural holdings 288 applications were received, from which 265 applications are approved. Under the improvement of agricultural and fish products processing and marketing 37 applications were received, from which 27 applications are approved and 17 are paid out. Under the diversification of rural activities and promotion of small business 80 applications were received, from which 68 applications are approved and 14 are paid out. Under the development and improvement of rural infrastructure 21 applications were received, from which 19 applications are approved and 6 are paid out.

Diagram 1 – Received, approved and paid out applications

	MEASURE 1	MEASURE 2	MEASURE 3	MEASURE 4
Applications received	288	37	80	21
Applications approved	265	27	68	19
Applications paid out	212	17	14	6



The support of approved applications is around EEK 194 million²¹ and the support paid out in total is approximately EEK 163 million. In year 2001 these numbers were EEK 124 million and EEK 6 million.

Programme progress

Total budget in years 2000-2002 of the SAPARD programme is around EEK 748 million. The commitment in years 2001-2002 (SAPARD programme started in year 2001 in Estonia) is EEK 318 million and the cancelled commitment is EEK 5 million. The surplus of the budget is EEK 435 million in year 2002. Therefore Estonia has used approximately 43% of a three-year budget in one and half years. In order to assess the program progress, it should be pointed out that the mid-term evaluation of the whole program will be carried out during 2003, therefore it is too early to make too wide conclusions at this stage. But shortly it can be said that the program progress has been satisfactory, and the second year of receiving applications was more successful when compared with that of 2001. The progress has been different for different measures. The second measure is most used measure, where approved applications are 95% of the received applications and the support paid out is approximately 100%. The finances for measure 1 have been committed also quite well, while measure 3 should be used more. Measure 4 is less used - under the measure approximately 4% of the support is paid out. In order to improve the situation, Ministry of Agriculture has held discussions with the social partners and has already made some changes to the measure sheets and relevant legislation. Several aspects have been changed, which have been regarded as obstacles in applying for support (such as the maximum investment support per one beneficiary for measure 3, etc.). Therefore the situation is expected to improve in 2003.

Monitoring Committee

The third meeting of the Monitoring Committee (MC) took place on 26 July 2002. In the matter of changes of the SAPARD programme Measure Sheets, members agreed and approved finally all changes in the first, second, third and fourth measure sheets of Rural Development Plan (approved by Managing Authority).

MC also decided to approve the following new measures: measure 6, which is investment support for regeneration and development of villages and measure 8, which is afforestation investment aid. Measure 5, which is technical assistance, was approved at the second meeting of monitoring committee.

The STAR Committee approved all the changes of the four measures and new measure sheets in October 2002. Therefore national legislation for these measures is prepared and reception of applications will start at the first quarter of the year 2003.

In the meeting of Monitoring Committee were also given an overview of preparations of measure 7, which is agri-environment. Members of MC decided that preparation of the seventh measure will continue. There were also given an overview of the preparations on the mid-term evaluation of the SAPARD programme. By December 2003 the monitoring committee should make the adoption of the final report and submit it to the European Commission.

²¹ € 1 = EEK 15,6466 (rate constant since 1.1.1999).

9.2 BULGARIA

Progress in the implementation of SAPARD

State Fund “Agriculture” was accredited as the Bulgarian SAPARD Agency on 15 May 2001, after a decision by the European Commission for conferring management of aid under the three main measures, targeted at private beneficiaries, of the Bulgarian National agriculture and rural development plan under SAPARD: measure 1.1. “Investment in agricultural holdings”; measure 1.2. “Improving the processing and marketing of agricultural and fishery products”; measure 2.1. “Development and diversification of economic activities, provision of for multiple activities and alternative income”. Since the programme start-up until 31 December 2002, fifteen meetings of the Project selection Committee have been held. A total of 298 projects amounting to € 107 888 836,05 have been approved for support under the measures. The number of finished and reimbursed projects was 106, amounting to € 14 499 142,50 subsidy (Table 1).

Table 1. Approved and completed projects by measure until 31 December 2002 (€)

Measure	Number of approved projects	Total eligible cost committed by the SAPARD Agency	Total completed projects	Total subsidy paid (50% from the eligible expenditure)
Measure 1.1	205	44 821 825,00	89	9 543 344,60
Measure 1.2	65	59 330 145,72	13	4 784 455,17
Measure 2.1	28	3 736 865,33	4	171 342,73
Total	298	107 888 836,05	106	14 499 142,50 ²²

The considerable progress achieved in the implementation of the programme and its lessons, which were taken into account, resulted in expanding and maintaining adequate capacity in managing the EU funds. The SAPARD Agency has used the experience gained to intensify the absorption of SAPARD funds in order to make full use of the granted financial assistance.

A key step for improving absorption of SAPARD funding was done with the amendments in Ordinances 14, 15, and 16 on the terms and conditions of granting SAPARD aid. The official adoption of these amendments meant practical implementation of the decisions taken at the meeting of the Monitoring Committee, held in June 2002 as well as the implementation of certain modifications in the procedures of the SAPARD Agency, initiated by State Fund “Agriculture” and approved by the European Commission. The main modification concerned projects having technical deficiencies in the application documents. Altering the hitherto followed practice, applicants were given a 10-day period to rectify these deficiencies, after which the application processing procedure would resume. In this way the applicants would not have to re-apply anew and the terms for project approval were shortened. Following consultations with the European Commission, the number of Selection Committee meetings per year was extended from 6 to 12²³.

²² The € amount is calculated using the fixed exchange rate of 1,95583 BGN/€.

²³ No use has been made in the calendar 2002 year of the modification, through AFA 2002, of Article 5(1)(b), Annex section A of MAFA.

The SAPARD Agency was constantly making efforts to improve up-take of funds, the main of them being: training for all units of the Agency in order to maintain high professional standards of Agency staff; seminars for potential applicants with the participation of staff from SFA regional directorates and the Ministry of agriculture and forestry; processing of each application as expediently as possible so that the period between its filing to final approval is shortened to the maximum; continual supervision of approved projects to check their progress and to facilitate beneficiaries especially in view of subsidy reimbursement.

In addition, the signed memorandums with 20 commercial banks on co-operation in the implementation of SAPARD resulted in more favourable attitude towards crediting projects under the programme. In 2002 the number of projects approved per Selection Committee meeting grew steadily over the year. This testifies that the administrative capacity of the Agency is strengthened and the procedure is adequate.

The work on the preparation of the accreditation of another six measures and one sub-measure, targeted at public beneficiaries, was completed and the national accreditation was signed. Working groups were set up in the Ministry of Agriculture and Forestry to prepare the Ordinances for the implementation of these measures.

Progress in the monitoring, evaluation and publicity efforts under the SAPARD programme

(i) Meetings of the SAPARD Monitoring Committee

In the 2002, the SAPARD Monitoring Committee held two more regular meetings. The third meeting of the Monitoring Committee was held on 28 June 2002. The Committee reviewed Program implementation progress on the basis of monitoring data for the three accredited measures. The monitoring indicators for the next seven measures, in preparation for accreditation, were also reviewed. The Committee members were also briefed on the European Commission representatives' mission at the SAPARD Agency earlier in the year, which concluded that there were no substantive shortcomings in the implementation of the Program. The fourth meeting of the Monitoring Committee was held on 10 December 2002. The Committee adopted the final versions of measure 1.6 "Management of water resources" and measure 1.3. "Development of environmentally friendly agricultural practices and activities" and reviewed progress in the implementation of accredited measures. The Committee was briefed on problems related to the reimbursement of completed projects and the progress in up-take of funds available under the SAPARD budgets for years 2000 and 2001. The Committee was updated on the preparations for the mid-term evaluation of SAPARD as well, especially with a view to the participation of the social and economic partners in its implementation. The Committee discussed the proposals, made by its permanent working groups, for modifications in the accredited measures. The proposed modifications were adopted and along with the finalised versions of measures 1.3 and 1.6 were included in a package of amendments to the Bulgarian agriculture and development plan under SAPARD. Its approval by the European Commission is envisaged for first half of 2003.

In accordance with the Rules of Procedure of the Committee, the meetings of the two permanent working groups for the accredited measures preceded the meetings of the Committee. The working groups initiated a number of proposals for modifications in the measures, as pointed out above, aimed at facilitating programme implementation.

(ii) Preparations for the mid-term evaluation of SAPARD in Bulgaria

In view of the complexity of the mid-term evaluation and the time needed to prepare the procedures to select an evaluator and to carry out the evaluation itself, the Monitoring Committee at its second meeting approved a Steering Committee to oversee the preparations

for the evaluation. In accordance with the procurement rules of the EC on pre-accession programs, the Steering Committee initiated a restricted international tender procedure. A Contract Forecast was published in the Official Journal of the European Communities on 30 July 2002, and a Procurement Notice was published on 17 September 2002. Of the 31 applicants, who sent letters of interest, eight were short-listed by mid November 2002. Meanwhile, the core aspects of the evaluation Tender dossier were reviewed by the Steering Committee and the dossier was finalised in accord with the European Commission instructions on service contracts, concluded in the framework of Community co-operation with third countries.

(iii) SAPARD publicity campaign

The publicity campaign under SAPARD continued using all possible methods and media outlets. Efforts were focused, however, on information seminars with the direct participation of potential applicants under the programme. Officials from the Ministry of Agriculture and Forestry, the SAPARD Agency and from their regional units were continuously attending as lecturers such seminars throughout the country. To further enhance the publicity campaign with regard to both general public awareness and also to the forthcoming accreditation of the seven measures, which will increase the scope of the publicity effort by covering new types of applicants and sectors, the Monitoring Committee approved a SAPARD Information strategy by end of December 2002, which entails the use of a wide array of information outlets – seminars, discussion forums, print materials, Internet outlets, promotional newsreels, etc.

9.3 LITHUANIA

In sum, during the programme implementation year 2002, there were 594 applications registered for € 187 575 000 of SAPARD support in Lithuania. The most actively applicants participated in measure 1 “Investment in agricultural holdings” and measure 4 “Improvement of rural infrastructure”. The number of submitted applications for measure 1 was 204 (more than 1/3 from the total submitted). The most intense request for support was in measure 2 “Improving the processing and marketing of agricultural and fishery products”, where € 104 millions (almost 2/3 from the total applied amount) were applied.

The total request for SAPARD support (thousands €) and number of applications in 2002

Measure 1	Measure 2	Measure 3	Measure 4	Measure 7	Total
36 057 (204)	104 469 (69)	17 930 (96)	28 651 (171)	1 068 (54)	187 575 (594)

The average value of the submitted applications was more than € 600 000 and varied from € 1 000 (measure 7 “Vocational training”) to € 11 million (measure 2). The differences between measures are based on the nature of a single project (i.e. projects in measure 2 are more complex and require more investments than a single project in measure 1) and maximum value of support (the maximum support in measure 2 is € 5 million while in measure 4 – € 250,000).

Taking into account that a big number of applications were registered at the end of 2002 and due to the complex evaluation procedures, fully evaluated were 381 applications. Totally, 227 applications were approved and the total committed amount of the SAPARD support was € 70 665 million.

In 2002, 130 applications were rejected. The main reasons to reject submitted applications as ineligible are as follows:

1. do not comply fully with criteria defining economically viable holding (measures 1 and 2);
2. do not satisfy the requirements of final beneficiary (measure 3 “Development and Diversification of economic activities providing for multiple activities and alternative income”);
3. restricted time span to submit an application (once in 3 years), not very active potential beneficiaries, i.e. farmers, rural dwellers and communities (measure 4).

In order to facilitate the approval of more applications, a number of steps were initiated. First of all, the Monitoring Committee changed a number of eligibility criteria. Moreover the Minister of Agriculture, by the order amended the definition of economical viability and the SAPARD Agency initiated a number of publicity actions in order to explain the modified requirements and criteria for all potential applicants.

The committed SAPARD support (thousands €) and a number of approved projects in 2002

Measure 1	Measure 2	Measure 3	Measure 4	Measure 7	Total
19 037 (100)	42 631 (25)	2 631 (16)	5 629 (39)	737 (47)	70 665 (227)

The largest proportion of the committed support was for measure 2 – € 42,6 million (136% of amount available). This is due to the fact that the potential beneficiaries in the respective measure are the most active. They have committed themselves before the date of accession to implement Community environmental, veterinary, animal welfare and food safety standards.

The lowest demand for the support was registered in measure 4 – € 5,6 millions (41%) and the reason is misleading expectation that the funds in this measure will be used at first (therefore in the budget of 2000 the allocations for this measure are three times higher).

Utilisation of SAPARD allocations for 2000-2001 (thousands €)

	Measure 1	Measure 2	Measure 3	Measure 4	Measure 7	Total
Allocated	28 726	31 333	4 773	13 855	1 420	80 107
Committed	19 037	42 631	2 631	5 629	737	70 665
Proportion	66%	136%	55%	41%	52%	88%

In 2002, the SAPARD Agency started to pay the SAPARD support funds to the final beneficiaries. There were 107 payments to the beneficiaries made; the total amount paid was € 9 828 million (€ 7 371 millions– Community support, € 2 457 million – national co financing).

The SAPARD support paid (Community support) in 2002 (thousands €)

Measure 1	Measure 2	Measure 3	Measure 4	Measure 7	Total
3 979 (2 984)	3 755 (2 816)	1 326 (995)	637 (478)	131 (114)	9 828 (7 371)

Beneficiaries started projects' implementation in the year 2002. Obviously claims have been presented only for tranche payments. Fully completed were 16 projects, which received the final payments.

The completed projects (SAPARD support paid) in 2002 (thousands €)

Measure 1	Measure 2	Measure 3	Measure 4	Measure 7	Total
4 (786)	0 (0)	3 (625)	3 (64)	6 (27)	16 (1 502)

16 projects were fully implemented, therefore it is too early to evaluate the effectiveness of the programme. Only several progress indicators, such as “number of projects supported” and “total public cost of project supported” could be measured and interesting for consideration. Taking into account the respective progress indicators provided in the Agriculture and Rural Development programme, measures 2 and 7 were intensively implemented.

9.4 LATVIA

2002 is the first full year of SAPARD operating in Latvia. It has been especially important for the Latvia’s administrative structures to gain experience on actually managing EU funds. Although by the end of 2002 only 66% of the available funding was committed, the number of approved projects was high, especially due to large activity in measure 1.1 “Modernisation of agricultural machinery, equipment and construction of buildings” and 3.1 “Development and diversification of economic activities providing alternative income”. Therefore the SAPARD funding has been distributed to a wide range of applicants. Great effort has been made to inform the public about the financing available, consultations and discussions with socio-economic partners.

General application conditions and time limits for projects are published by the Rural Support Service in the official newspaper “Latvijas Vēstnesis” and in the newspaper “Lauku Avīze”. General information and awareness raising has been done in regional media.

Special information “Information on pre-accession measures for agricultural and rural development” has been prepared within the Danish-Latvian project “Assistance to SAPARD Program implementation” for potential beneficiaries as well as informative seminars has been organised. All relevant information on requirements and particularly conditions of the Program, planned and current amendments are regularly published on the Ministry’s Internet web site www.zm.gov.lv, on the Rural Support Service (RSS) Internet web site www.lad.gov.lv, and on the Latvian Agricultural Advisory Center (LAAC) web site - www.llkc.lv.

The Latvian Agricultural Advisory Center and Latvian Agricultural Joint Consultative Council are involved in information and training campaign as well as helping in elaboration of the SAPARD projects.

A forum for discussions and questions on SAPARD has been maintained in <http://qp.llkc.lv.quickplace/sapard/>. This interactive Internet web site providing information on SAPARD “Questions and answers” was prepared in co-operation with the Ministry of Agriculture, the Rural Support Service and the Latvian Agricultural Advisory Center.

It has been a challenge for the administrative bodies to apply the conditions in the SAPARD programme, Multi-annual Financing Agreement and respective EU regulations into real operation. The Ministry of Agriculture being the Managing institution is in charge of one of the most important tasks to ensure a successful implementation of SAPARD. Problems associated with SAPARD implementation have been identified during the implementation of the programme, which has been corrected through amendments to the SAPARD programme, procedures and national legislation. The process is ongoing and shall continue till the end of the SAPARD programme.

Continuous efforts were made to get approval to SAPARD measures, which have not yet been approved. During year 2003 the Monitoring Committee approved the supporting measure 2. “Technical assistance”; measure 1.2. “Land re-parcelling”. The Ministry of Agriculture was obliged further to these measures to get approval by the Commission. The Monitoring Committee approved conceptually the measures 5.1. “Preservation of biological diversity and rural landscape” and 5.2. “Reduction of agricultural run-off” and obliged the Ministry of Agriculture to prepare detailed requirements for implementation of these measures. Now the agri-environmental programmes have been approved by the European Commission and the administrative procedures are in the process of elaboration. The approval of agri-environmental programmes is especially important as regards the accession to EU, where the agri-environment is essential part of rural development programming.

Unfortunately there were no projects submitted under supporting measure “Vocational Training”. This measure is important for overall success of the SAPARD programme. The Ministry of Agriculture in co-operation with its partners is trying to find solution and hopefully during the 2003 the first projects under this measure will be carried out.

However the SAPARD programme is gaining its momentum and year 2003 can be predicted as the most active year of SAPARD implementation in Latvia. The interest in the programme is increasing and the remarkable 313 applications for the first round of applications in January 2003 indicate that Latvia shall be able to utilise the resources available.

9.5 CZECH REPUBLIC

In the Czech Republic the SAPARD programme was launched 15 April 2002. The Regional Offices as well as potential beneficiaries were prepared because in 2001 and early 2002 preparatory works and consultations concerning the SAPARD programme administration were organised on a large scale, as well as through seminars with information provided on the SAPARD programme measures and administration rules. In 2002, the conferral of management to the SAPARD Agency included seven out of nine measures of the SAPARD plan.

In 2002, three calls for applications took place in the Czech Republic. The high number of applications suggests that there is a great interest in the SAPARD programme in the Czech Republic.

The first call for applications started 15 April and ended on 15 May 2002. A total of 881 applications for financial aid were submitted. The National SAPARD selection Committee recommended 465 projects for funding from the programme with the total financial support amounting to over € 49 million. Since two applicants have rescinded the contract, 463 contracts were signed by the Director General of the SAPARD Agency and the beneficiaries.

The second call for applications started 25 September and ended 6 November 2002. A total of 908 applications for financial aid was submitted. Subsequently, the National SAPARD Selection Committee recommended 435 projects for funding from the programme with the total financial support amounting to € 45 million.

In August 2002, the Czech Republic suffered from an extraordinary natural disaster and was one of the most severely flood-affected countries in Europe. Thanks to the efforts undertaken by DG AGRI and the Commission changes to the Council Regulation (EC) No 1268/1999 and the amendments to the Multi-annual Financing Agreement were negotiated and approved 18 November 2002 by the STAR Committee. The “floods related” call for applications under

simplified conditions took place between 2 December and 13 December 2002 for applicants in those NUTS II regions that were directly affected by floods – Prague, Central Bohemia, Northwest, Southwest and Southeast. In total, 190 applications for financial aid were received.

The Czech Republic made a special effort to increase the number of measures covered by a conferral of management decision. On 24 July 2002 the measure “Agricultural production methods designed to protect the environment and maintain the countryside” was unanimously approved by the STAR Committee. An audit mission by representatives of the European Commission for measure 2.3 took place on 2-5 December 2002. On 18 November 2002 the measure “Vocational training” was also unanimously endorsed by the STAR Committee.

For the selection of the most appropriate evaluator the Steering Committee for the evaluation of the SAPARD programme was established. The Steering Committee is made up of members of the Interdepartmental Decision-Making Group of the Managing Authority and two additional experts, representatives of the Research Institute of Agricultural Economics and the Czech Statistical Office. The tender procedure started in September 2002.

In 2002, two meetings of the National SAPARD Monitoring Committee took place. The Committee members were informed of the SAPARD programme’s progress not only in the Czech Republic as a whole, but also at regional level. The Committee discussed and approved all relevant documents as required by Multi-annual Financing Agreement.

Large publicity campaigns continued throughout the year. In co-operation with the Managing Authority the Czech TV prepared and broadcast three TV programmes on SAPARD – “Czechs for Europe”, “Europe for Czechs” and “First projects co-financed from the SAPARD Programme” in 2002. Brochures and other publications were produced entitled for example: “SAPARD Programme in the Czech Republic”, “Instructions for the applicants for financial aid from the SAPARD Programme”, “Application for financial aid from the SAPARD Programme”, “The rules laying down the conditions for the granting of financial aid for projects under the SAPARD Programme” in Czech and Bilingual “Annual Report on the SAPARD Programme in the Czech Republic in 2001” were prepared and published. Promotion folders on the SAPARD Programme in Czech and English covering all measures were printed both in Czech and in English and a series of articles on experience with the SAPARD Programme in the Czech Republic was published in the main agricultural weekly. The SAPARD Programme was promoted at the Czech Republic’s three most important agricultural fairs.

All the basic information on the SAPARD programme, in Czech as well as in English, is available on the web sites of the SAPARD Agency – www.sapard.cz.

9.6 SLOVAKIA

9.6.1 Programme implementation by 31 December 2002

Basic Information

The main condition for the implementation of the SAPARD Programme was the accreditation of the SAPARD Agency (SA). The national accreditation for measures 1, 2, 4(a), 5 and 7 was granted by the Competent Authority (Ministry of Finance of the SR, the National Fund unit) on 10 December 2001. From 28 January to 1 February 2002 the EC auditors performed the accreditation audit in the SA, the National Fund and the Supreme Audit Office. Subsequently a Commission Decision No 299/2002 conferring the management of aid on the Slovak

implementation institutions was taken on 15 April 2002. This Decision covered five measures of the in the Programme, namely measure 1 “Investments in agricultural enterprises”, measure 2 “Improved processing and marketability of agricultural and fish products”, measure 4(a) “Diversification activities in rural areas- investments not involving infrastructure”, measure 5 “Forestry” and measure 7 “Land Consolidation”.

9.6.2 Submitting and processing of projects

Following the conferral of management decision, the SAPARD Agency published during 2002, four Calls for submission of applications for financial aid by: 30 June, 31 August; 30 September and 30 November 2002. A total number of 111 applications were received, of which 45 projects were approved, involving public expenditure from the SAPARD Programme of € 6 052 000, representing 13% of the disposable public funds of the programme for the accredited measures (AFA 2000 and 2001). In terms of the numbers of applications received and subsequently approved for each measure were as follows:

Measure 1: -29 projects submitted; 16 projects approved
Measure 2: -55 projects submitted; 20 approved
Measure 4(a): -19 projects submitted; 4 projects approved
Measure 5: -8 projects submitted; 5 projects approved.

The average size of approved projects was € 268 000.

9.6.3 Measures undertaken to improve the absorption of the programme funds

The relatively modest numbers of projects submitted and approved during 2002 results from a combination of factors that arose during the years 2001 and 2002 reflecting a range of economic, legislative, organisational and other influences. These include the following:

- A lack of private financial sources of the financing of projects including also the difficulties faced by agricultural and food processing establishments in accessing credit finance and investment capital.
- Many of the potential applicants were in the first half of the year 2002 discouraged by the restricted geographical allocations at the beginning of the programme implementation (not effective since July 2002).
- Geographical allocations: Many of the potential applicants were in the first half of the year 2002 discouraged by the restricted geographical allocations at the beginning of the programme implementation (subsequently this restriction was relaxed by a programme modification in July 2002).
- Conferral of management: In total only 4 of the nine measures of the SAPARD Programme were implemented as these measures were covered in the conferral of management Decision taken by the Commission on 15 April 2002. (It is hoped that the full implementation of all programme measures can start from 1 July 2003 including any programme modifications).
- Measure 7 “Land Consolidation”: In the case of the accredited non-profitable measure No 7 the non-acceptance of the allocation of the financial means for the primary projects financing by the MoF SR in the years 2002 and 2003 had an influence on the number of projects submitted and consequently on the volume of the funds absorbed.

- National Subsidies: During 2002, it was possible for entrepreneurs to obtain subsidies within national schemes under less difficult conditions compared to the conditions attached to the SAPARD Programme.
- Lack of experience on the part of potential applicants: A combination of a lack of experience on the part of potential beneficiaries coupled with more demanding criteria for the processing of the application for the financial aid under the SAPARD Programme also resulted in a lower than anticipated take-up of funds. (The SA has continuously simplified its methodology and the internal working procedures – by the end of 2002 they were considerably simplified which facilitated an acceleration in the processing of projects. The period for the project processing is approximately 30 days in the Slovak Republic, i.e the time taken from the submission of the project until the contract with a beneficiary is signed). The average period of time between the payment claim being received and the funds being paid was 35 days.
- Lack of information: Insufficient information for entrepreneurs on the SAPARD Programme from the side of the Slovak Agriculture and Food Chamber. In both 2000 and 2001, there was limited involvement in the programme within the majority of professional unions and associations. Since 2002 a certain improvement has been observed in this field.
- Insufficient qualitative level of advisory services in the SR: this factor reflects the inexperience of advisors in elaboration of SAPARD type projects. The SA regularly organises training for advisors.
- Lack of MoA employees in both the Managing Authority and the SA in the years of 2001 and 2002 (related to a need of principal organisational changes within relevant sectors – MoA SR began with the organisational changes at the end of 2002).

Since the beginning of the SAPARD programme implementation (15 April 2002) many measures have been undertaken and realised in order to increase the absorption capacity of the Programme. In 2002 the Managing Authority (MoA SR) proposed several modifications to the programme. After detailed discussion within the Monitoring Committee for the SAPARD Programme these modifications were unanimously approved by the EC STAR Committee on 20 February 2002, on 24 July 2002 and on 18 November 2002. The modifications involved mainly the extension of the programme implementation to the whole territory of the SR, changes in economic viability criteria (since September 2002), new beneficiary determination within the non-profitable measure 7 – Land Consolidation, revisions to the list of eligible costs as well as changes in volumes of the financial means allocated within individual measures. Following the approved modifications the SAPARD Agency completed the manuals and methodology guidelines. Furthermore, the SA markedly simplified its working processes and procedures for project selection, control and refunding.

Current state (31 May 2003)

By the end of May 2003, 197 projects had been received, (with 16 rejected), of which 115 were approved in a total amount of public support of € 15 262, i.e. 33% of annual limits 2000 and 2001.

Measure 1 – 47 projects submitted, 31 projects approved

Measure 2 – 105 projects submitted, 61 projects approved

Measure 4(a) – 32 projects submitted, 15 projects approved

Measure 5 – 13 projects submitted, 8 projects approved.

9.7 SLOVENIA

Adjustment of national legislation

The progress of the Republic of Slovenia in the area of adjustment of legal bases for the purpose of the implementation of the Special Accession Programme for Agriculture and Rural Development (SAPARD) and the operation of the SAPARD Agency involves the following:

- publication of the Decree on the agricultural structural policy measures of the Rural Development programme 2000-2006 (SAPARD) (Ur. l. RS 107/01, 74/02);
- publication of the Ordinance on the amount of funds granted for SAPARD programme measures (Ur. l. RS 77/02);
- an open invitation to tender for the purpose of allocation of SAPARD funds (Ur. l. RS 2/2002);
- Signing of the Annual Financing Agreement 2001 (19 March 2002) and its ratification by the National Assembly – publication of the Act Ratifying the 2001 Annual Financing Agreement (Ur. l. RS International Agreements No. 16/02);
- publication of the second open invitation to tender for SAPARD programme measures (Ur. l. RS 97/02);
- signing of the 2002 Annual Financing Agreement (7 April 2003).

Results of the SAPARD programme implementation

On the basis of the Agriculture Act (Ur. l. RS 54/00) and in connection with the Rural Development programme 2000-2006 (SAPARD programme) and the provisions of the Multi-annual Financing Agreement, the Slovenian Government issued on 13 December 2001 the Decree on the agricultural structural policy measures of the Rural Development Programme 2000-2006 (SAPARD), laying down the measures, purpose, beneficiaries and the general requirements for the granting of SAPARD pre-accession aid. The Decree provides the legal basis for the publication of the Ordinance on the amount of funds granted for the agricultural structural policy measures of the Rural Development Programme 2000-2006 (SAPARD) and the publication of open invitations to tender.

So far, SAPARD Agency has published two open invitations to tender (January 2002 and November 2002) for four measures laid down in the Rural Development Plan (other than the technical assistance measure): investments in agricultural holdings (livestock breeding and processing); investment in restructuring and adaptation of the food-processing industry (milk, meat and fish); support for economic diversification of farms (on-farm tourism and handicraft); and rural infrastructure as the fourth measure (water supply infrastructure, theme trails and road infrastructure).

As a result of (two) open invitations to tender, applications received include Multi-annual investment projects. All together, 112 applications had been received by 11 April 2003. Data in the Table below show in detail the status of applications according to specific measures.

Measure	TOTAL	Decisions on allocation	Concluded contracts	Cancelled contracts	Claims for payment	Rejected	Refused
I. Investments in agricultural holdings	20	13	13	/	17	/	5
II. Investments in food processing industry	19	11	11	/	12	7	/
III. Economic diversification of farm	49	32	27	5	25	4	8
IV. Development and improvement of rural infrastructure	24	14	14	/	23	4	/
TOTAL	112	70	65	5	77	15	13

In all, 65 contracts were concluded with the SAPARD Agency for the implementation of investments. The total value of assumed obligations amounts to SIT 2,5 billion.

MEASURE	Purpose	No of concluded contracts	Total amount of allocated funds (in SIT ²⁴)	National funds	EU funds
I. Investments in agricultural holdings	bovine animals	9	228 031 054	76 010 351	152 020 703
	pigs	3	76 187 610	25 395 870	50 791 740
	sheep and goats	1	6 981 543	2 327 181	4 654 362
	Total	13	311 200 207	103 733 402	207 466 805
II. Investments in processing and marketing of agricultural and fishery products	milk	5	286 081 838	95 360 613	190 721 225
	meat	6	975 678 572	325 226 191	650 452 381
	Total	11	1 261 760 410	420 586 803	841 173 607
III. Economic diversification of farm	tourism	27	447 925 509	149 308 503	298 617 006
	handicraft	0	0	0	0
	Total	27	447 925 509	149 308 503	298 617 006
IV. Development and improvement of rural infrastructure	water supply	14	549 552 507	183 184 169	366 368 338
	theme trails	0	0	0	0
	Total	14	549 552 507	183 184 169	366 368 338
TOTAL		65	2 570 438 633	856 812 878	1 713 625 755

Monitoring Committee and proposals for programme changes

At the second session (10 December 2002), members of the SAPARD Monitoring Committee were informed of the status of the implementation of the SAPARD measures with regard to the indicators adopted for the monitoring of the implementation of the measures and the proposal for amendments to the SAPARD programme.

²⁴ € 1 = SIT 232,5825.

In 2002 and the beginning of 2003, the MAFF, as the Managing Body for SAPARD Programme, worked on the drafting of the proposal for amending the current eligibility criteria for individual measures of the SAPARD Programme. The amendments apply in particular to measure 1, where the number of received applications for tendered funds has been much smaller than expected. In order to increase the interest in these funds, a proposal for the amendment of the criteria has been drafted in agreement with the SAPARD Agency and the Agricultural Extension Service. The proposal of the amendments was transmitted to the Commission (DG AGRI, F4 – SAPARD Programme Section) and presented in detail to the members of the Monitoring Committee at their second session of 10 December 2002. It was agreed at this session that the documents should be supplemented and the proposals of social partners considered before the documents are re-examined at the session of the Monitoring Committee in a written procedure. The agreed proposal was approved on 8 April 2003 by the members of the Monitoring Committee and transmitted to the Commission for harmonisation within the services of the Commission and for further consideration by the STAR Committee.

The more important amendments concern the criteria relating to measure 1 “investments in agricultural holdings”.

The following has been proposed: abolishment of the beneficiaries’ age limit; inclusion of support in the area of horticulture; reduction of the minimum size of agricultural holdings eligible for support to 3 ha; the purchase of agricultural machinery should not be tied to the investment; increase of the scope of investment and the highest possible amount of public support per programme period; construction and in particular adaptation of stables should not be tied only to free range rearing, but to all forms of rearing, in compliance with the standards relating to the protection of animals.

Slovenia – Financial monitoring (cumulated data: 31 December 2002, in SIT)

MEASURES	SAPARD Programme 2000 – 2006 Decision No C(2000) 3138 of 27 October 2000			SAPARD Agency Commitments			
	Total eligible cost	Public		No of projects	Eligible costs		
		Total	EU		Total	Public	
	a	b	c	d	e	f	g
Investment in agricultural holdings	10 867 233 321,00	4 890 255 215,00	3 260 170 143,00	12	588 751 446,00	271 183 555,00	180 789 036,70
Processing and marketing of agriculture and fishery products	15 968 181 136,00	5 588 863 103,00	3 725 908 735,00	10	3 586 488 009,00	1 253 544 610,00	835 563 073,00
Diversification of activities, providing alternative income	3 912 345 528,00	1 956 172 764,00	1 304 115 176,00	21	665 664 528,00	332 832 265,00	221 888 177,00
Rural infrastructures	1 862 954 368,00	1 862 954 368,00	931 477 184,00	10	464 350 201,00	348 262 652,00	232 175 101,30
Technical Assistance	110 251 164,00	110 251 164,00	82 688 636,00	-	--	--	--
Total	32 720 965 517,00	14 408 496 614,00	9 304 359 874,00	53	5 305 254 184,00	2 205 823 082,50	1 470 415 388,00

Slovenia – Financial monitoring (cumulated data: 31 December 2002, in SIT)

	Execution					Indicators of execution						
	No of projects completed	Eligible costs				% of projects completed	Eligible costs committed as % of total eligible costs in the programme	% of payments to beneficiaries against commitments	% of payments to beneficiaries against claims	% of cost paid by beneficiaries against cost committed	% of EU funds committed against foreseen in the programme	EU paid / EU foreseen in the programme (15=8/2)
		Borne by beneficiaries		Public contribution paid to the beneficiaries								
		Total declared	Subsidy claim	Total subsidy	EU							
h	i	j	k	l	m = h/d	n = e/a	o = k/f	p = k/j	q = i/e	r = g/c	s = l/c	
Investment in agricultural holdings	0	345 668 151,90	158 699 096,84	142 339 124,00	94 892 749,40	0,0%	5,4%	52,5%	89,7%	58,7%	5,5%	2,9%
Processing and marketing of agriculture and fishery products	0	590 515 221,30	195 000 000,00	195 000 000,00	130 000 000,70	0,0%	22,5%	15,6%	100,0%	16,5%	22,4%	3,5%
Diversification of activities, providing alternative income	1	146 905 889,10	73 532 763,22	51 692 452,50	34 461 636,00	4,8%	17,0%	15,5%	70,3%	22,1%	17,0%	2,6%
Rural infrastructures	0	323 685 624,20	191 382 284,00	191 382 284,00	111 561 457,00	0,0%	24,9%	55,0%	100,0%	69,7%	24,9%	12,0%
Technical Assistance	-	--	--	--	--	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Total	1	1 406 774 886,50	618 614 144,06	580 413 860,50	370 915 843,10	1,9%	16,2%	26,3%	93,8%	26,5%	15,8%	4,0%

9.8 HUNGARY

The SAPARD Agency called for SAPARD application on 26 September 2002, following the national accreditation. The applicants had relative short period to prepare their applications. Despite this short period and complexity of requirements of applications, the regional offices and the Food Processing Unit received an extremely large number of applications. However almost every applicant had to supplement deficiencies, therefore the effective processing of the applications submitted could start only after closing the supplement of deficiencies.

The aim of this analysis is to present, how many applications in what value have been submitted concerning the 3 accredited measures, what are the main parameters of the applicants, i.e. who and from which region had submitted applications.

9.8.1 Main parameters of applications submitted

The regional offices received 1 160 applications. Their distribution according to measures is contained in the following table.

Description of the measure	Applications		Project	Support	Average (eFt)		
	number	distribution (%)	value	claim	project value	support	
			('000 HUF)	('000 HUF)		claim	prop. (%)
111 Investments in agricultural holdings	308	26,6	14 667 700	5 526 576	47 622	17 943	37,7
1111 Purchase of machines	59	5,1	1 778 931	512 100	30 151	8 680	28,8
1113 Building development	152	13,1	8 199 265	3 126 885	53 943	20 572	38,1
1114 Other investments associated with agricultural facilities	97	8,4	4 689 504	1 887 591	48 345	19 460	40,3
114 Processing and marketing of agricultural and fishery products	251	21,6	25 023 701	9 733 201	99 696	38 778	38,9
1308 Development and improvement of rural infrastructure	601	51,8	14 778 828	10 523 396	24 590	17 510	71,2
TOTAL	1 160	100,0	54 470 229	25 783 173			

More than 50% of applications had been submitted for the measure “Development and improvement of rural infrastructure”. While many applications have been submitted for food industrial improvements, there has been only a small interest concerning the measure “Purchase of (agricultural) machines”. The reason of this might be the strict conditions or the support for agricultural machines performed in 2002.

In case of the measure 111 “Investments in agricultural holdings” the average project value is effectively less than the maximum value. In case of the measure 1308 “Development and improvement of rural infrastructure” the support value claimed could be between HUF 6 million²⁵ and HUF 60 million as well, therefore no conclusion can be drawn from the average values.

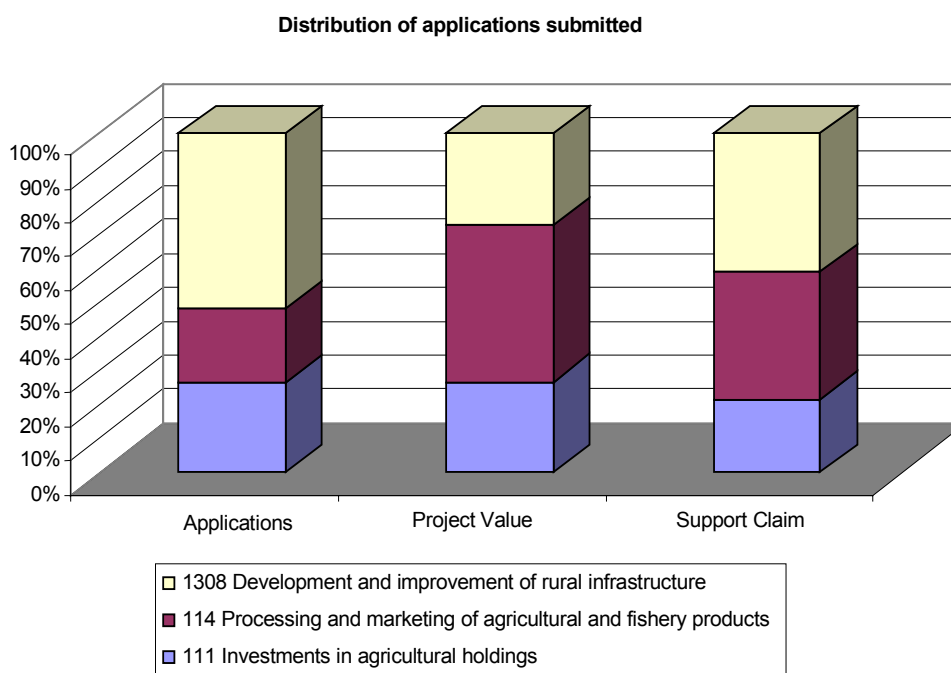
Comparing the planned resources and the applications submitted for the certain measures of the SAPARD Plan, we can observe, that:

²⁵ € 1 = HUF 245,6800.

- participation of food industrial improvements exceeds the budget estimated;
- claim of infra-structural improvement is extremely high;
- need of agricultural holdings is under possibilities.

The reason is that the high support level and the significant support amount are attractive concerning measures 114 and 1308.

The following figure represents the distribution of applications according to quantity and value per measures.

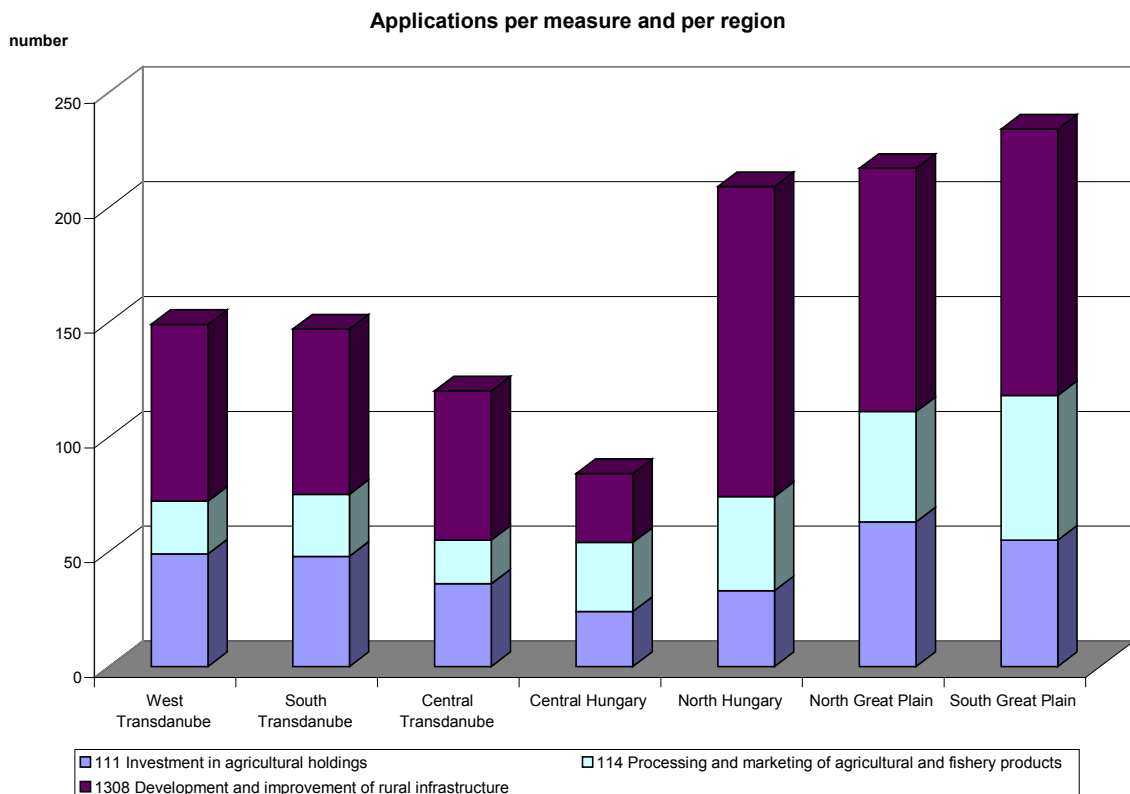


9.8.2 Regional distribution of applications submitted

We can presume that the greater mood for applying relates to the economic situation of certain areas. The fewest number of applications originated from the Central-Hungarian Region, the reason might be, that it has the smallest area among the seven regions.

The more applications concerning the measure “investment in agricultural holdings” came from the North Great Plain Region. Only 33 applications came from the North Hungarian Region, the reason might be partly the unfavourable relations of agricultural production.

The distribution of submitted applications according to regions is presented by the following figure.



The food industrial investments are concentrated in the Eastern part of Hungary, the reason of it might be the tradition.

The more unexpected is the great interest for infra-structural developments. 135 applications came from the North-Hungarian Region, the greatest amount has been claimed by the North-Great Plain Region.

We examined the average support claim according to regions and measures as well. On the basis of this the total support claim per projects is 29% higher in the Central-Hungarian Region than in the country. In case of the West-Transdanube Region this indicator is 11,5% less than the average support claim per project.

9.8.3 Participants of the first round of application procedure

51,4% of the applications have been submitted by companies. Together with co-operatives 649 joint companies took part in the application procedure. The individual entrepreneurs submitted 290 applications, which is 25% of total applications. The local authorities prepared 195 applications, all of them except one being submitted for measure “Development and improvement of rural infrastructure”. The other organisations (e.g. non-governmental organisations) submitted 26 applications, a little bit more than 2% of the total number of applications.

For measures 111 more than 50% of applications have been submitted by companies, for measure 114 more than 75%. About 5% of the applications have been submitted by co-operatives, which is quite a low rate concerning especially measure “investment in agricultural holdings”.

The individual entrepreneurs have been quite active: 40% of the applications submitted for measure “Investments in agricultural holdings” have been prepared by them.

However, a low proportion of applications for “Improvement of infrastructure” have been submitted by local-governments (194 applications). For this measure 234 applications have been submitted by companies, while 123 applications by individual entrepreneurs.

The value of the projects and the support claim are in tune with the expected economic power of certain economic types. Applications with the highest value have been submitted by companies with legal entities.

The absolute value of applications submitted by individual entrepreneurs and by companies without legal entities is only 40% of the value of applications submitted by companies with legal entities. The situation is the same in the case of measures 111 and 114. The value of projects submitted for measures 111 and 114 by co-operatives is nearly the same as the value of projects of companies with legal entities.

9.8.4 Summary

The first round of the application procedure started on 26 September 2002 and finished for some measures on 16 November and for some other measures on 1 December. In this period more applications were submitted to the regional offices of the SAPARD Agency than expected.

More than 50% of 1 160 applications were submitted by companies. In case of measures related to improvement of condition of production, especially in case of improvements of agricultural holdings, the individual entrepreneurs submitted a lot of applications as well.

In case of development of rural infrastructure the companies were more active than the local governments.

Further analysis of applications and applicants is necessary, to determine how the SAPARD plan has been implemented.

Concerning the five new measures:

- on 31 January 2003 the National Authorising Officer received the documentation of the five new measures;
- on the basis of this, the National Audit Office started the accreditation procedures in the Agency on 1 April 2003.

9.9 ROMANIA

The European Union will annually allocate about € 153 million to Romania, for a seven years' period, as non reimbursable funds, in order to facilitate the adoption of the Community *acquis* in the field and to improve competitiveness for the agricultural sector.

9.9.1 The SAPARD institutional system

- *The SAPARD Agency* represents the public legal entity, subordinated to the Ministry of Agriculture, Food and Forests, responsible for the technical and financial implementation of the programme;

- *the Competent Authority* is the General Directorate National Fund within the Ministry of Public Finance and examines the structures and the procedures of the Agency with respect to the administrative, accounting, paying and internal audit settlements;
- *the Management Authority* is organised within the Ministry of European Integration and is responsible for the efficiency and the correctness of co-ordination and reporting with respect to programme monitoring and assessment;
- *the Certifying Body* is the Romania's Court of Accounts and its main powers cover the external audit and certification of annual accounts of the SAPARD Agency;
- *the Monitoring Committee* consists of representatives of governmental institutions in charge with the field covered by the programme, social partners and observers from the European Commission and has been established in order to ensure the supervision, efficiency and quality of the programme implementation;
- *the delegated bodies* have been established by the SAPARD Agency in order to properly implement the measure 1.1 "Improvement of processing and marketing of the agricultural and fishery products" and 2.1 "Development and improvement of rural infrastructure" and to deal with checking the eligibility of the financing applications and payment requests. The two delegated bodies are the Ministry of Agriculture, Food and Forestry and the Ministry of Public Works, Transports and Housing.

9.9.2 Publicity for the SAPARD programme

The publicity campaign for the SAPARD programme in Romania started in September 2001 and consisted in providing all the people and public institutions who were interested in the programme with booklets, folders and other informative materials, such as the "Applicant's Guide".

With a view to promote the programme "Regional seminars and conferences of information in Community Programmes and Policies" have been organised at the level of the 8 regional SAPARD Offices.

9.9.3 The implementation of the SAPARD programme

Starting from 2001, in accordance with Community Regulations and following a strategy corresponding to the status of developing country in progress to EU accession, legal and institutional measures have been promoted which allow for the creation and consolidation of administrative framework in view of SAPARD programme implementation in Romania.

At the same time with the preparation for external accreditation of central and regional structures of SAPARD Agency and technical delegated Services, during 2002, in compliance with Law no. 316/2001 for ratification of Multi-annual Financing Agreement, the following specific actions were undertaken:

- ratification of 2001 Annual Financing Agreement and preparation of documentation needed for signature of 2002 Annual Financing Agreement, organisation and carrying out of meetings of the Monitoring Committee for the SAPARD programme and preparation and carrying out of specific procedures as regards the up-dating and

amendment of the National Programme for Agriculture and Rural Development (NPARD)²⁶ as well as preparation for accreditation of other measures in the Programme;

- preparation of mid-term evaluation of SAPARD Programme which has to be finalised up to 31 December 2003;
- monitoring of implementation of measures and sub-measures in the Programme and evaluation of registered progress;
- other institutional and legislative adjustments imposed by the accomplishment of objectives specific to the SAPARD Programme and efficiency of pending activities.

9.9.4 The accreditation of the SAPARD Agency

On 31 July 2002 the European Commission issued *Decision 638/31/EC of July 2002* whereby the relevant authorities in Romania are conferred the management of SAPARD assistance, SAPARD Agency is accredited for the technical and financial implementation of measures 1.1 “Improvement of processing and marketing of the agricultural and fish products”, 2.1 “Development and improvement of rural infrastructure” and 4.2 “Technical Assistance”.

9.9.5 Overview of SAPARD programme in Romania

From 1 August 2002, the official submission and registration of the Financing Applications (projects) from potential beneficiaries have been set out in view of achieving the investments pertaining to measures 1.1 “Improvement of processing and marketing of the agricultural and fish products” and 2.1 “Development and improvement of rural infrastructure”. Submission of Financing Applications to the Regional Offices for Implementation of SAPARD Programme (BRIPS) is taking place in monthly sessions.

The SAPARD Agency have signed a total number of 414 contracts with the beneficiaries from the public and private sectors for the August and September sessions (394 contracts for measure 2.1 and 20 contracts for measure 1.1), with a total eligible cost of € 325,8 million.

For October session the SAPARD Agency have signed 8 contracts for measure 1.1 with a total eligible cost of € 6,9 million and selected 43 projects for measure 2.1 with a total eligible cost of € 36,47 million.

In November and December sessions, 21 projects for measure 1.1 and 394 projects for measure 1.2, with a total eligible cost of € 321,4 million, have been submitted and registered with the Regional Offices for Implementation of SAPARD programme.

At present, a priority of Romanian authorities is represented by the establishment and preparation of other measures in the NPARD in view of their accreditation, particularly the measures 3.1 “Investments in agricultural exploitations”, 3.4 “Development and diversification of economic activities to generate multiple activities and alternative incomes” and 4.1 “Improvement of vocational training”.

²⁶ On 26 June 2002 in Brussels the EU STAR Committee examined the Romanian proposals concerning the amendment of the National Programme for Agriculture and Rural Development (NPARD). Based on the favourable opinion of STAR Committee the Decision CE/H/2002/1936 of 11.7.2002 was issued to amend NPARD approved by Commission Decision C(2000) 3742 final of 12 December 2000.

9.9.6 Mid-Term Evaluation of SAPARD programme

In December 2002 the SAPARD Agency, as Contracting Authority, and the Ministry of European Integration, as Beneficiary of the measure 4.2 “Technical Assistance within the SAPARD programme” have signed the Framework Contract for the project “*Mid-Term Evaluation of SAPARD Programme in Romania*”.

The period of execution of the service contract for the Mid-Term Evaluation of SAPARD Programme in Romania has been established for 9 months from the commencement date and shall be carried on over the period May-December 2003.

9.10 POLAND

9.10.1 Preparation

The implementation of SAPARD programme in Poland started after the European Commission had issued the Decision conferring management of aid on implementing agencies for pre-accession measures in agriculture and rural development in the Republic of Poland in the pre-accession period of 2 July 2002 (OJ L 173, 3.07.2002, p. 41) for five out of seven measures corresponding to 87% of the amount available.

On 9 July 2002 (Official Journal of the Republic of Poland No 102, item 928) the Regulation of the Council of Ministers on detailed scope and directions and methods of implementation of tasks of the Agency for Restructuring and Modernisation of Agriculture with respect to the management of financial resources originating in the European Union was promulgated. It is the basic national legal act governing the principles of granting financial aid under the SAPARD Programme.

9.10.2 Early stage of implementation

On 9 July 2002 a press announcement was published by the President of the Agency for Restructuring and Modernisation of Agriculture informing potential beneficiaries about the deadlines for submission of applications for financial aid.

As a result of an incomplete use of financial resources in measure 1 and the fact that the amount applied for under measure 3 exceeded the amounts available for that measure within the framework of the AFA 2000 and 2001 the Team – SAPARD Monitoring Committee adopted Resolution No 16 of 5 November 2002 on the shifting of funds between measures of the SAPARD Programme, on the basis of the 10% flexibility rule included in the Programme, allowing to increase the amount of funds available for payments for particular measure by up to 10% of the total amount for that measure in the period 2000 – 2006: in accordance to this resolution, the amount of € 47 349 252 [€ 35 511 939 (EU funds) + € 11 837 313 (national co-financing)] was shifted from measure 1 to measure 3, and, the amount designated to measure 3 within the framework of AFA 2000 and 2001 was increased from € 187 827 131 to € 235 176 383 (EU funds + national co-financing).

Following the above shift of financial resources from measure 1 to measure 3, it will be possible, on the basis of applications for financial aid submitted and registered as for 31 December 2002 under the SAPARD Programme, to sign agreements with beneficiaries (after finishing the public procurements in measure 3) for an amount exceeding the level of 60% of total resources available under Annual Financing Agreements for 2000 and 2001.

9.10.3 Problems related to already accredited measures

Measure 1 – Improvement in processing and marketing of food and fishery products

- difficult financial situation in food processing industry,
- unstable situation on the market in order to assure market outlets for food and fishery products,
- high costs of obtaining the bank guarantee for credits,
- obligation put in the programme to apply only for one of three available investment categories A - Investments strictly aimed at adjustment to the EU requirements, B - Investments strictly aimed at increase of value added, quality improvement, etc., and C - Investments strictly aimed at decreasing negative impact on the environment, with different rate of co-financing without possibility to combine the above mentioned categories within one project,
- short project duration (the deadline for submission of payment claims under Annual Financing Agreements 2000 and 2002 is under Polish law 10 August 2003) as a result deadlines for commitments (2003) prescribed in Annual Financing Agreements 2000 and 2001,
- reimbursement of part of eligible expenditure after projects completion,
- big number of obligatory supporting documents required under Polish rules to be attached to the application,
- extended and detailed application form to be filled in.

Measure 2 – Investments in agriculture holdings

Because of their age many farmers may not pass their farm on to their inheritors (they are too young to be granted agricultural pension), but the fact that they are over 50 years old eliminates them under Polish rules from participation in this measure, as described in the programme. Some young farmers, in turn, are not able for similar reasons to prove sufficiently long experience in managing a farm on their own (sometimes, for reasons relating to pension entitlement, a given agricultural holding formally has still the parents as its owners and managers although those are the children that actually run the farm).

Based on contacts and enquiries with farmers the following main factors discourage farmers from applying for SAPARD Programme:

- difficult financial situation of agricultural holdings,
- costs of credits involving refunding,
- the arrangement that the costs incurred are reimbursed only after project's completion,
- lack of own funds,
- unstable situation on the market, apprehension relating to possible lack of outlets for given products,
- short project duration (the deadline for submission of payment claims under Annual Financing Agreements 2000 and 2002 is under Polish law 10 August 2003) as a result deadlines for commitments (2003) prescribed in the Annual Financing Agreements 2000 and 2001,

- low eligible initial and target production levels,
- low volume of financing,
- formal difficulties relating to collection of supporting documents (validity period of documents that must be enclosed to a business plan being only one month, costs related to obtaining of enclosures),
- possibility of project financing from other sources (national preferential credits, where it is much easier to comply with the formalities),
- difficulties to meet formal criteria relating to age, education, requirement to be ensured in the Social Agricultural Insurance Fund or experience in agriculture.

Within *measure 3 – Development of rural infrastructure* there was a very good response of the applicants in terms of the number and quality of applications submitted. The main reason is that municipalities and local authorities have already a broad experience in applying for public assistance both national and EU pre-accession instruments (PHARE, ISPA).

However the following problems can also be named:

- short project duration (the deadline for submission of payment claims under AFA 2000 and 2002 is under Polish law 10 August 2003) as a result deadlines for commitments (2003) prescribed in AFA 2000 and 2001;
- the arrangement that the costs incurred are reimbursed only after project's completion.

9.10.4 Measures to be accredited

Measure 4 – Diversification of economic activities in rural areas

It is in the final stage of preparation for implementation. A new description of that measure in the SAPARD Operational Programme was accepted by the Monitoring Committee on 7 February 2002 and on 20 March 2002 by the STAR Committee, and approved on 4 April by a decision taken by the European Commission. Procedures for this measure were prepared by the Agency for Restructuring and Modernisation of Agriculture in September 2002 and sent to the National Authorising Officer. Basing on the pre-accreditation report drawn up by an external auditor, the National Authorising Officer has taken on 11 June a decision on the issuance of a national accreditation act for measure 4.

Measure 5 – Agri-environmental measure (pilot projects)

The removal of former “afforestation scheme (pilot projects)” has been approved by the Team - SAPARD Monitoring Committee in 7 February 2002. On the following meeting on 21 June 2003 the removal of former “Agri-environmental measure (pilot projects)” was approved in the resolution No 14/2002. At its meeting held on 18 December 2002, this Committee adopted the Resolution No 18/2002 on implementation of Scheme “Agri-environmental measure (pilot projects)” under measure 5 of the SAPARD Operational Programme. It was a result of long negotiations between Poland and European Commission after previous decision to remove measure 5 from the Programme.

The resolution resulted from the need to prepare and experiment an institutional framework for the agri-environmental programme to be implemented after the accession of Poland to the European Union. This in line with the National Agri-environmental programme to be implemented under the future Rural Development Plan 2004 – 2006.

The description of this scheme has been presented and voted at the meeting of the Team SAPARD Monitoring Committee on 4 June 2003, with the objective to start implementation of measure 5 in autumn 2003.

9.10.5 Amendments to the programme accepted by the Team – SAPARD Monitoring Committee of 18 December 2002

In order to improve the accessibility and attractiveness of assistance under SAPARD programme the Ministry of Agriculture and Rural Development and Agency for Restructuring and Modernisation of Agriculture (SAPARD Agency) already in 2002 took actions to modify the Programme and simplify implementing procedures.

In case of measure 2 the initial and target milk and pig production limits were raised (and lowered too in the case of milk production) and, proportionally, grant levels were increased in order to allow a larger number of farms to apply for assistance. The requirement for farmers to be insured only under Social Agricultural Insurance Fund was withdrawn from the programme.

In case of measure 1 the possibility to combine different categories of investments and uniform level of co-financing (up to 50% of eligible expenditure) was introduced (deleting the division into categories A, B, C listed as one of the main problems).

The amendments to the Programme were accepted by the Team – SAPARD Monitoring Committee on the session held in 18 December 2002.

All mentioned adjustments to the programme are expected to be approved by decision of the Commission in the first half of 2003, after transmission by the Polish authorities of the relevant changes to the accredited procedures.

As a result, it is expected to see a significant increase in the number of beneficiaries and in the amount of financial commitments under SAPARD in Poland in 2003.

ANNEX A – Calendar of events concerning the Multi-annual Financing Agreement (MAFA) and Annual Financing Agreements (AFA)

Financing Agreements	<i>Bulgaria</i>	<i>Czech Republic</i>	<i>Estonia</i>	<i>Hungary</i>	<i>Latvia</i>	<i>Lithuania</i>	<i>Poland</i>	<i>Romania</i>	<i>Slovakia</i>	<i>Slovenia</i>
Adoption of Financial Implementing Regulation (Reg. (EC) No 2222/2000)	7.06.2000	7.06.2000	7.06.2000	7.06.2000	7.06.2000	7.06.2000	7.06.2000	7.06.2000	7.06.2000	7.06.2000
Inter-service consultation on draft Financing Agreement	12.07.2000	12.07.2000	12.07.2000	12.07.2000	12.07.2000	12.07.2000	12.07.2000	12.07.2000	12.07.2000	12.07.2000
Circulation of draft agreement to Candidate Countries (CC)	20.07.2000	20.07.2000	20.07.2000	20.07.2000	20.07.2000	20.07.2000	20.07.2000	20.07.2000	20.07.2000	20.07.2000
Launch of negotiations on Financing Agreement with CC at work-shop	27.07.2000	27.07.2000	27.07.2000	27.07.2000	27.07.2000	27.07.2000	27.07.2000	27.07.2000	27.07.2000	27.07.2000
Circulation of re-drafted agreement to CC taking account of work-shop discussions	3.08.2000	3.08.2000	3.08.2000	3.08.2000	3.08.2000	3.08.2000	3.08.2000	3.08.2000	3.08.2000	3.08.2000
Receipt of comments from CC	28.08.2000	5.09.2000	2.09.2000	22.08.2000	18.08.2000	21.08.2000	21.08.2000	21.08.2000	22.08.2000	22.08.2000
Launch of 2nd inter-service consultation	8.09.2000	8.09.2000	8.09.2000	8.09.2000	8.09.2000	8.09.2000	8.09.2000	8.09.2000	8.09.2000	8.09.2000
Circulation of re-drafted agreement to candidate countries	29.09.2000	29.09.2000	29.09.2000	29.09.2000	29.09.2000	29.09.2000	29.09.2000	29.09.2000	29.09.2000	29.09.2000
Receipt of comments from Candidate Countries	9.10.2000	18.10.2000	20.10.2000	20.10.2000	9.10.2000	13.10.2000	15.11.2000	Oral "OK" 26.10.2000	17.10.2000	18.10.2000
Launch of 3 rd inter-service consultation	28.10.2000	28.10.2000	28.10.2000	28.10.2000	28.10.2000	28.10.2000	28.10.2000	28.10.2000	28.10.2000	28.10.2000
Circulation of re-drafted agreement to candidate countries (provisional)	10.11.2000	10.11.2000	10.11.2000	10.11.2000	10.11.2000	10.11.2000	10.11.2000	10.11.2000	10.11.2000	10.11.2000
Circulation to candidate countries Text put to Commission	24.11.2000	24.11.2000	24.11.2000	24.11.2000	24.11.2000	24.11.2000	24.11.2000	24.11.2000	24.11.2000	24.11.2000
Decision authorising Commission signature of Financing Agreement	29.11.2000	29.11.2000	29.11.2000	29.11.2000	29.11.2000	29.11.2000	29.11.2000	29.11.2000	29.11.2000	29.11.2000
Agreement with candidate country	1.12.2000	1.12.2000	14.12.2000	26.1.2001	7.12.2000	11.12.2000	29.1.2001	12.12.2000	30.11.2000	8.12.2000
Signature of Multi-annual Financing Agreement	18.12.2000	5.02.2001	25.01.2001	1.03.2001	25.01.2001	5.03.2001	25.01.2001	2.02.2001	26.03.2001	5.03.2001
Signature of Annual Financing Agreement 2000	12.02.2001	5.02.2001	1.03.2001	1.03.2001	30.03.2001	5.03.2001	29.03.2001	27.02.2001	26.03.2001	5.03.2001
Conclusion of MAFA	20.04.2001	10.12.2001	28.05.2001	15.06.2001	4.07.2001	29.08.2001	18.05.2001	17.1.2002 (SG)	16.05.2001	28.08.2001
Conclusion of AFA 2000	20.04.2001	10.12.2001	28.05.2001	15.06.2001	11.05.2001	29.08.2001	18.05.2001	17.1.2002 (SG)	16.05.2001	16.10.2001
Commitment of 2000 funds (date)	30.01.2001	31.01.2001	30.01.2001	13.02.2001	30.01.2001	13.02.2001	31.01.2001	13.02.2001	13.02.2001	13.02.2001
AFA 2001										
Circulation of draft AFA 2001 to Candidate Countries (letter DG)	08.10.2001	08.10.2001	08.10.2001	08.10.2001	08.10.2001	08.10.2001	08.10.2001	08.10.2001	08.10.2001	08.10.2001
Receipt of comments on draft AFA 2001 from Candidate Countries	19.10.2001	22.10.2001 (e-mail)	29.10.2001		19.10.2001	30.11.2001	7.11.2001	26.10.2001	22.10.2001	26.10.2001

Financing Agreements	<i>Bulgaria</i>	<i>Czech Republic</i>	<i>Estonia</i>	<i>Hungary</i>	<i>Latvia</i>	<i>Lithuania</i>	<i>Poland</i>	<i>Romania</i>	<i>Slovakia</i>	<i>Slovenia</i>
Reply to Candidate Countries	28.11.2001	23.11.2001	05.12.2001		28.11.2001	21.12.2001	28.11.2001	23.11.2001	28.11.2001	5.12.2001
Final draft AFA 2001 sent to inter-service consultation	26.10.2001	26.10.2001	26.10.2001	26.10.2001	26.10.2001	26.10.2001	26.10.2001	26.10.2001	26.10.2001	26.10.2001
Commission decision authorising signature of AFA 2001	28.11.2001	28.11.2001	28.11.2001	28.11.2001	28.11.2001	28.11.2001	28.11.2001	28.11.2001	28.11.2001	28.11.2001
Commitment of 2001 funds (amount in € + date)	54.093.686 8.02.2002	22.896.727 18.04.2002	12.596.639 8.02.2002	39 492 002 14.05.2002	22 673 602 08.02.2002	30 956 192 08.02.2002	175 057 271 20.02.2002	156 328 303 06.03.2002	18 980 113 18.04.2002	6 576 465 08.02.2002
Signature of Annual Financing Agreement 2001	19.02.2002	30.10.2002	26.04.2002	07.10.2002	11.02.2002	29.04.2002	6.06.2002	30.01.2002	11.09.2002	19.03.2002
Letter from SG + DG AGRI on procedures for conclusion of AFAs	10.10.2002									
Letter from SG on conclusion of AFA 2001	07.05.2002	21.11.2002	6.05.2002	20.11.2002	6.05.2002	6.05.2002	26.06.2002	6.05.2002	25.09.2002	6.05.2002
Conclusion of AFA 2001	29.07.2002	19.06.2003		26.03.2003	30.05.2002	18.07.2002	10.06.2002	11.10.2002	4.11.2002	17.07.2002
Letter to Candidate Countries confirming conclusion of AFA 2001	19.09.2002			14.04.2003	25.06.2002	19.09.2002	19.11.2002	19.11.2002	19.11.2002	19.09.2002
AFA 2002										
Circulation of draft AFA 2002 to Candidate Countries (letter DG)	Letter 14299 of 13.06.2002									
Receipt of comments on draft AFA 2002 from Candidate Countries	26.07.2002	12.07.2002	19.07.2002	12.08.2002	11.07.2002	16.07.2002	08.08.2002	05.08.2002	12.08.2002	19.07.2002
Reply to Candidate Countries (letter DG)	05.09.2002	23.07.2002	23.07.2002	23.07.2002	23.07.2002	23.07.2002	05.09.2002	13.09.2002	10.09.2002	05.08.2002
Final draft AFA 2002 sent to inter-service consultation	23 July and 24 September 2002									
Commission decision authorising signature of AFA 2002	22 October 2002									
Commitment of 2002 funds (amount in € + date)	55.582.227	23.526.795	12.942.243	40.578.737	23.297.531	31.808.039	179.874.468	160.630.119	19.502.405	6.757.436
Signature of Annual Financing Agreement 2002	4.04.2003	28.05.2003		26.06.2003	04.02.2003	17.02.2003	3.04.2003	1.04.2003	26.06.2003	07.04.2003
Letter from AGRI on conclusion of AFA 2002	23.04.2003	18.06.2003			28.03.2003	1.04.2003	14.04.2003	23.04.2003		14.04.2003
Conclusion of AFA 2002	6.06.2003				12.05.2003	6.06.2003	14.04.2003	12.05.2003		
Letter to Candidate Countries confirming conclusion of AFA 2002					5.06.2003		22.05.2003			

	<i>Bulgaria</i>	<i>Czech Republic</i>	<i>Estonia</i>	<i>Hungary</i>	<i>Latvia</i>	<i>Lithuania</i>	<i>Poland</i>	<i>Romania</i>	<i>Slovakia</i>	<i>Slovenia</i>
AFA 2003										
Circulation of draft AFA 2003 to Candidate Countries (letter DG)	<i>Letter 8855 of 25.03.2003 ONLY for Romania and Bulgaria Letter 8856 of 25.03.2003 for all the other 8 CCs</i>									
Receipt of comments on draft AFA 2003 from Candidate Countries	<i>25.04.2003 (e-mail)</i>	<i>18.04.2003</i>	<i>28.04.2003</i>	<i>13.05.2003</i>	<i>22.04.2003</i>	<i>2.05.2003</i>	<i>7.05.2003</i>	<i>5.06.2003</i>	<i>5.06.2003</i>	
Reply to Candidate Countries (letter DG)	<i>27.05.2003</i>	<i>27.05.2003</i>	<i>27.05.2003</i>	<i>27.05.2003</i>	<i>27.05.2003</i>	<i>27.05.2003</i>	<i>27.05.2003</i>	<i>27.05.2003</i>	<i>27.05.2003</i>	<i>27.05.2003</i>
Final draft AFA 2003 sent to inter-service consultation	<i>None</i>									
Commission decision authorising signature of AFA 2003	<i>27 May 2003</i>									
Commitment of 2003 funds (amount in € + date)	<i>56 133 539</i>	<i>23 760 154</i>	<i>13 070 615</i>	<i>40 981 231</i>	<i>23 528 615</i>	<i>32 123 538</i>	<i>181 658 615</i>	<i>162 223 385</i>	<i>19.695.846</i>	<i>6.824.462</i>
Signature of Annual Financing Agreement 2003	<i>23.07.2003</i>	<i>22.07.2003</i>		<i>28.07.2003</i>	<i>27.06.2003</i>		<i>4.06.2003</i>	<i>31.07.2003</i>		<i>22.07.2003</i>
Letter from AGRI on conclusion of AFA 2003							<i>5.06.2003</i>			
Conclusion of AFA 2003							<i>10.06.2003</i>			
Letter to Candidate Countries confirming conclusion of AFA 2003										

ANNEX B – Modification of programmes to the end of 2002

	<i>Bulgaria</i>	<i>Czech Rep.</i>	<i>Estonia</i>	<i>Hungary</i>	<i>Latvia</i>	<i>Lithuania</i>	<i>Poland</i>	<i>Romania</i>	<i>Slovakia</i>	<i>Slovenia</i>
Commission Decision approving the SAPARD programme [C(2000)...]	20.10.2000 3058 final	26.10.2000 3105 final	17.11.2000 3321 final	18.10.2000 2738 final	25.10.2000 3097 final	27.11.2000 3329 final	18.10.2000 3040 final	12.12.2000 3742 final	17.11.2000 3327 final	27.10.2000 3138 final
1st modifications of the programmes adopted by the Commission on	21.05.2002	26.02.2002		26.11.2002	28.11.2001	23.12.2002	22.04.2002	11.07.2002	5.03.2002	
2nd modifications of the programmes adopted by the Commission on		12.04.2002			31.07.2002		5.12.2002		31.07.2002	
3rd modifications of the programmes adopted by the Commission on		31.07.2002								
4th modifications of the programmes adopted by the Commission on		23.12.2002								

ANNEX C – Conferral of Management - calendar and coverage

Measures included in the Commission Decisions already taken conferring the management of aid for the Candidate Country concerned (C)

Measures for which the national accreditation has been granted (N)

Measures for which the Candidate Country has requested national accreditation (NR)

Measures not included in the SAPARD programme approved for CC concerned: (percentage of EU contribution allocated to the programmes 2000-2006 at 2000 prices according to the original approved programme)

Situation on 16.6.2003

Measures according to Article 2 of Regulation (CE) No 1268/1999 (1)	BULGARIA		CZECH REPUBLIC		ESTONIA		HUNGARY		LATVIA		LITHUANIA		POLAND		ROMANIA		SLOVAKIA		SLOVENIA	
	%	Accred.	%	Accred.	%	Accred.	%	Accred.	%	Accred.	%	Accred.	%	Accred.	%	Accred.	%	Accred.	%	Accred.
- Investment in agricultural holdings	31%	1stC	16%	1stC	43%	1stC	28%	1stC	23%	1stC	47%	1stC	18%	1stC	15%		28%	1stC	35%	1stC
- Processing & marketing of agriculture and fishery products	24%	1stC ⁽⁴⁾	17%	1stC	18%	1stC	21%	1stC	26%	1stC	21%	1stC	38%	1stC	17%	1stC	26%	1stC	40%	1stC
- Structures for quality, veterinary controls, foodstuffs and consumers			9%	1stC											3%					
- Environmentally friendly agricultural practices	2%		3%	2ndC	2%		4%		4%		1%		2%		2%		3%	N		
- Diversification of activities, providing alternative income	6%	1stC	16%	1stC	18%	1stC	16%		24%	1stC	8%	1stC	11%		10%		11%	1stC ⁽³⁾	14%	1stC
- Setting up farm relief and farm management services																				
- Setting up producer groups	1%	N					7%								2%		5%	N		
- Renovation and devel. of villages, protection of rural heritage	8%	N	11%	1stC ⁽²⁾	4%		9%													
- Land improvement and reparation			20%	1stC					2%								10%	1stC		
- Establish and updating of land registers																				
- Vocational training	4%	N	2%	N			2%		4%	1stC	2%	1stC	2%	1stC	5%		2%	N		
- Rural infrastructures	6%	N	5%	1stC ⁽²⁾	12%	1stC	12%	1stC	12%	1stC	16%	1stC	28%	1stC	28%	1stC	4%	N ⁽³⁾	10%	1stC
- Agricultural water resources management	6%														3%					
- Forestry, afforestation, investments, processing/marketing	8%	N			1%				3%	1stC	3%	N			10%		8%	1stC		
- Technical assistance	4%	N	1%	1stC	2%		1%	1stC	2%	N	2%	N	1%	1stC	5%	1stC	3%	N	1%	
TOTAL Programme	100%	11	100%	9(2)	100%	8	100%	9	100%	9	100%	8	100%	7	100%	11	100%	9 (3)	100%	5
Total for measures for which conferral of management has been granted	61%	3	98%	9(2)	91%	4	62%	4	92%	6	94%	5	87%	5	50%	3	83%	5(3)	99%	4
Receipt of first accreditation package	18.12.2000		13.11.2001		5.02.2001		01.10.2002		27.06.2001		24.07.2001		20.09.2001		12.06.2002		7.01.2002		28.09.2001	
Date of Commission decision conferring the management of aid (1 st C)	14.05.2001		15.04.2002		15.06.2001		26.11.2002		6.12.2001		26.11.2001		2.07.2002		31.07.2002		15.04.2002		19.11.2001	
Receipt of second accreditation package	28.01.2003		16.10.2002						26.03.2003		3.03.2003						31.03.2003			
Date of Commission decision conferring the management of aid (2 nd C)			19.02.2003																	
Receipt of third accreditation package			16.01.2003																	
Date of Commission decision conferring the management of aid (3 rd C)																				

(1) The exact name of the measure in the relevant programme may be different from the names of the measure listed.

(2) In Czech Republic both measures (renovation of villages + infrastructures) are included in their Measure 2.1: renovation of villages and rural infrastructure. Conferral of management includes both.

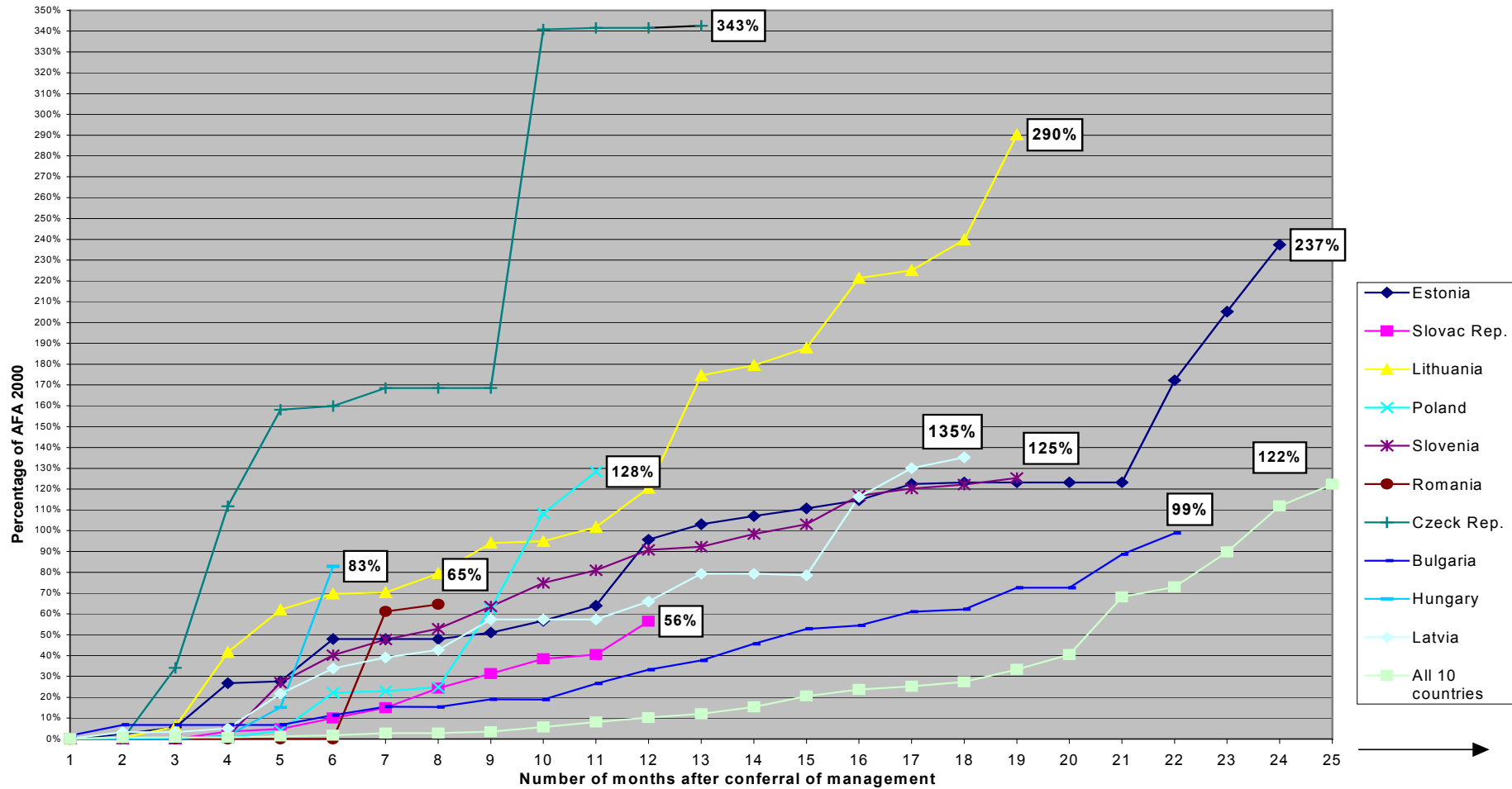
(3) In Slovak Republic both measures (diversification + infrastructures) are included in their Measure 4: diversification of activities in rural areas. Conferral of management relates only to diversification.

(4) In Bulgaria the sub-measure "Wholesale Markets" included in measure "processing and marketing" is presently on stage "N".

ANNEX D/1 – Data on commitments to final beneficiaries

Cumulative amounts of approved commitments of SAPARD contribution made by the Candidate Countries under the SAPARD Instrument since the start.																			(EUR)				
Candidate Countries	Estonia		Slovakia		Lithuania		Poland		Slovenia		Romania		Czech Rep.		Bulgaria		Hungary		Latvia		Total		
SAPARD contribution in AFA 2000	€	%	€	%	€	%	€	%	€	%	€	%	€	%	€	%	€	%	€	%	€	%	
	12 344 729	100	18 602 023	100	30 339 535	100	171 570 075	100	6 445 460	100	153 214 194	100	22 440 617	100	53 016 122	100	38 705 309	100	22 221 936	100	528 900 000	100	
Situation per end month																							
June 2001															834 978	2						834 978	0
July 2001	0	0													3 586 510	7						3 586 510	1
August 2001	291 559	2													3 586 510	7						3 878 069	1
September 2001	685 133	6													3 586 510	7						4 271 643	1
October 2001	3 310 460	27													3 580 322	7						6 890 782	1
November 2001	3 412 834	28													6 023 662	11						9 436 496	2
December 2001	5 922 129	48			0	0			0	0					8 248 833	16						14 170 962	3
January 2002	5 922 129	48			172 055	1			0	0					8 094 954	15			31 109	0		14 220 247	3
February 2002	5 922 129	48			1 811 919	6			0	0					10 074 484	19			730 211	3		18 538 743	4
March 2002	6 309 053	51			12 624 863	42			80 736	1					10 028 034	19			730 211	3		29 772 896	6
April 2002	7 010 494	57			18 828 773	62			1 740 370	27					14 109 903	27			1 107 913	5		42 797 453	8
May 2002	7 902 013	64	0	0	21 171 159	70			2 593 328	40			0	0	17 605 139	33			4 821 309	22		54 092 948	10
June 2002	11 812 564	96	0	0	21 314 961	70			3 077 906	48			0	0	19 962 765	38			7 526 645	34		63 694 841	12
July 2002	12 726 935	103	0	0	24 134 169	80			3 412 434	53			7 678 468	34	24 215 788	46			8 667 331	39		80 835 125	15
August 2002	13 224 305	107	638 134	3	28 536 897	94	12 046	0	4 098 112	64	0	0	25 071 857	112	28 028 385	53			9 502 829	43		109 112 565	21
September 2002	13 676 019	111	884 188	5	28 818 212	95	192 732	0	4 830 193	75	0	0	35 473 179	158	28 877 521	54			12 754 102	57		125 506 146	24
October 2002	14 152 893	115	1 862 712	10	30 866 922	102	565 643	0	5 224 522	81	0	0	35 894 537	160	32 363 158	61			12 743 784	57		133 674 171	25
November 2002	15 120 294	122	2 792 935	15	36 566 096	121	1 063 133	1	5 853 883	91	0	0	37 818 772	169	33 021 942	62			12 743 784	57		144 980 839	27
December 2002	15 220 154	123	4 538 954	24	52 999 155	175	6 800 175	4	5 950 641	92	0	0	37 807 067	168	38 492 964	73	0	0	14 681 846	66		176 490 956	33
January 2003	15 220 154	123	5 825 000	31	54 456 979	179	38 144 001	22	6 339 587	98	0	0	37 807 067	168	38 471 406	73	0	0	17 629 240	79		213 893 434	40
February 2003	15 220 154	123	7 166 000	39	56 978 046	188	39 374 158	23	6 644 461	103	93 790 219	61	76 461 349	341	46 991 702	89	0	0	17 629 240	79		360 255 328	68
March 2003	15 220 154	123	7 537 000	41	67 192 276	221	42 687 749	25	7 529 627	117	99 049 718	65	76 653 478	342	52 406 666	99	620 177	2	17 478 090	79		386 374 935	73
April 2003	21 263 781	172	10 505 000	56	-	-	107 431 347	63	7 755 457	120	-	-	76 653 478	342	-	-	5 853 168	15	25 820 575	116		475 056 823	90
May 2003	25 336 673	205	-	-	-	-	185 757 245	108	7 872 467	122	-	-	76 892 164	343	-	-	32 083 261	83	28 916 090	130		591 561 116	112
June 2003	29 310 443	237					220 224 705	128	8 078 466	125			-	-			-	-	30 057 953	135		646 645 658	122

Annex D/1: Cumulative amounts of approved commitments of the Community part of the SAPARD contribution made on the level of the Candidate Countries (on a monthly basis, since the start and in % of AFA 2000). Situation at 30.06.2003.



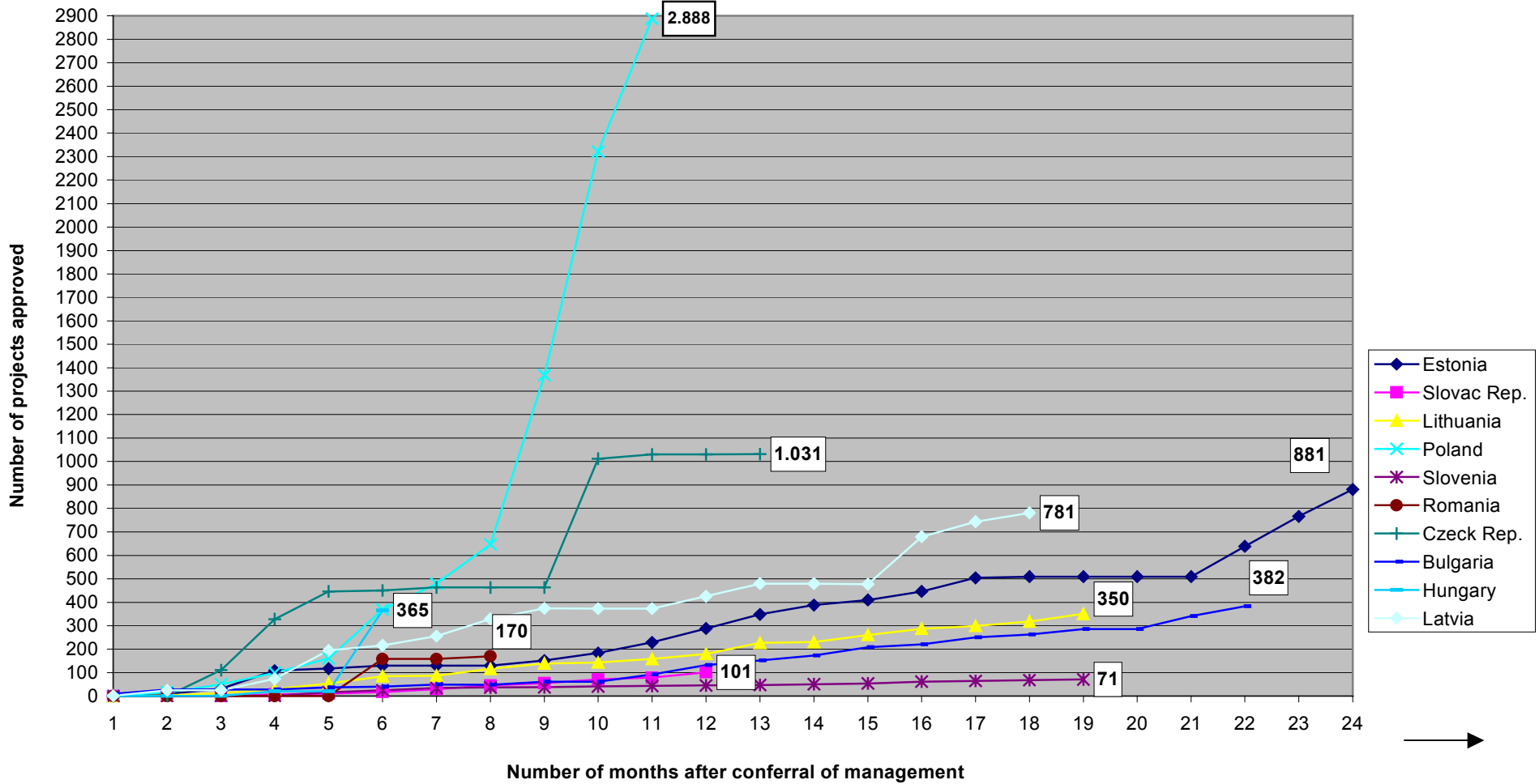
ANNEX D/2 – Data of commitments to final beneficiaries

Cumulative number of projects approved by the Candidate Countries under the SAPARD Instrument, since the start.

Candidate Countries	Estonia	Slovakia	Lithuania	Poland	Slovenia	Romania	Czech Rep.	Bulgaria	Hungary	Latvia	Total
Situation per end month											
June 2001								10			10
July 2001	0							28			28
August 2001	10							28			38
September 2001	31							28			59
October 2001	109							37			146
November 2001	117							40			157
December 2001	130		0		0			49			179
January 2002	130		2		0			48		1	181
February 2002	130		13		0			61		25	229
March 2002	151		29		1			61		25	267
April 2002	184		54		16			92		73	419
May 2002	229	0	85		25		0	132		195	666
June 2002	288	0	87		34		0	151		216	776
July 2002	348	0	116		36		111	173		256	1 040
August 2002	388	7	139	1	38	0	328	208		329	1 438
September 2002	409	11	143	16	41	0	446	220		374	1 660
October 2002	446	17	158	51	43	0	450	250		373	1 788
November 2002	504	29	179	99	45	0	463	262		373	1 954
December 2002	509	45	227	160	47	0	463	286	0	425	2 162
January 2003	509	55	230	369	51	158	463	286	0	479	2 600
February 2003	509	71	260	479	54	158	1 012	341	0	479	3 363
March 2003	509	78	287	647	61	170	1 030	382	20	477	3 661
April 2003	638	101	299	1 368	64	-	1 030	-	20	679	4 751
May 2003	766	-	318	2 321	68	-	1 031	-	365	744	6 266
June 2003	881	-	350	2 888	71	-	-	-	-	781	



Annex D/2: Cumulative number of projects approved by the Candidate Countries under the SAPARD Instrument since the start.
Situation at 30.06.2003.



ANNEX E – Payments reimbursing expenditure declared to the Commission

Country	Conferral Decision	Commitments				Payments made from the start of the programme												
		Following AFA 2000	Following AFA 2001	Following AFA 2002	Following AFA 2003	Payment on account (2)	Reimburs. 3Q* 2001	Reimburs. 4Q 2001	Reimburs. 1Q 2002	Reimburs. 2Q 2002	Reimburs. 3Q 2002	Reimburs. 4Q 2002	Reimburs. 1Q 2003	Reimburs. 2Q 2003	Total Payments			
Bulgaria	17.05.01	53 016 122	54 093 686	55 582 227	56 133 539	12 988 950,00		411 152,67	301 912,29	710 938,95	1 789 343,67	1 712 536,23	5 986 560,24	5 065 977,07			28 967 371,12	
Czech Rep.	18.04.02	22 440 617	22 896 727	23 526 795	23 760 154	10 995 902,00	(2)						1 620 075,14	5 909 065,42	(4)	7 740 841,36	(5)	26 265 883,92
Estonia	19.06.01	12 344 729	12 595 639	12 942 243	13 070 615	6 048 917,00	(2)	21 570,00	273 132,00	468 569,00	344 129,00	2 443 678,00	4 536 792,00	1 749 573,00				15 886 360,00
Hungary	27.11.02	38 705 309	39 492 002	40 578 737	40 981 231	9 482 800,00							0,00	0,00				9 482 800,00
Lithuania	5.12.01	30 339 535	30 956 192	31 808 039	32 123 538	14 866 372,00	(2)				412 100,17	2 788 079,51	4 171 097,87	3 046 763,56				25 284 413,11
Latvia	12.12.01	22 221 936	22 673 602	23 297 531	23 528 615	5 444 374,00					344 518,32	2 453 052,36	1 688 718,25	2 506 390,13				12 437 053,06
Poland	3.07.02	171 570 075	175 057 271	179 874 468	181 658 615	42 034 668,00							18 584,34	449 316,46	(3)			42 502 568,80
Romania	3.08.02	153 214 194	156 328 303	160 630 119	162 223 385	37 537 477,00							0,00	0,00				37 537 477,00
Slovenia	24.11.01	6 445 460	6 576 465	6 757 436	6 824 462	3 158 275,40	(2)					94 196,50	1 595 972,89	490 068,30				5 338 513,09
Slovakia	18.04.02	18 602 023	18 980 113	19 502 405	19 695 846	4 557 496,00							518 296,00	665 357,00	(3)			5 741 149,00
Total	-	528 900 000	539 650 000	554 500 000	560 000 000	147 115 231,40		432 722,67	575 044,29	1 179 507,95	2 890 091,16	9 491 542,60	20 136 096,73	19 882 510,94		7 740 841,36		209 443 589,10

(1) The total of € 209 443 589,10 is made up of payments of € 30 491 677,00 in 2001, € 123 759 277,07 in 2002 and € 55 192 635,03 in 2003.

(2) Payments on account have been made in full (49% of AFA 2000) for Czech Republic, Estonia, Slovenia and Lithuania.

(3) Payment request received and payment procedure in progress. Preliminary figures are the requested amounts.

(4) Of which paid € 3 499 488,41 and proposed for payment € 2 409 577,01.

(5) Proposed for payment.

* Quarter