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SPECIAL REPORT No. 5/87

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of the EEC Treaty)

on

COMMUNITY AID FOR THE ACCELERATION
OF AGRICULTURAL DEVELOPMENT IN GREECE

together with

THE COMMISSION'S REPLIES

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1. Introduction

1.1. Greece's accession to the Community in 1981 meant that joint measures of a general nature financed by the Guidance section of the European Agricultural Guarantee and Guidance Fund (referred to in the rest of this report as "the Fund") became applicable to that country, including Council Directive 72/159/EEC of 17 April 1972⁽¹⁾, on the modernization of farms, and Council Directive 75/268/EEC of 28 April 1975⁽²⁾, on mountain and hill farming and farming in certain less-favoured areas. The systems of aid provided for by these two directives remained in force until 30 September 1985, when they were replaced by the provisions of Council Regulation (EEC) No 797/85 of 12 March 1985⁽³⁾ on improving the efficiency of agricultural structures.

1.2. In the meantime, other measures have been adopted specifically to benefit Greek agriculture. Council Regulation (EEC) no 1975/82 of 19 July 1982⁽⁴⁾, on the acceleration of agricultural development in certain regions of Greece, instituted a common measure for a period of five years, for which the estimated cost to be charged to the Fund was set at 198,6 Mio ECU. In August 1983, the Commission submitted to the Council a proposal leading to the adoption on 23 July 1985 of Council Regulation (EEC) No 2088/85 instituting the integrated Mediterranean programmes (IMP)⁽⁵⁾.

1.3. Pending adoption of this proposal, specific interim measures applicable throughout the country for a period of one year were approved in respect of Greece. Council

(1) The footnotes are listed together at the end of the report.

Regulations (EEC) Nos 2966/83 and 2968/83 of 19 October 1983, on the development of agricultural advisory services⁽⁶⁾ and the acceleration of collective irrigation⁽⁷⁾ respectively, set the estimated amount of Fund aid at 4 Mio ECU and 8 Mio ECU; these sums were subsequently increased to 10 Mio ECU and 17 Mio ECU and the duration of the measures was extended by one year. Council Regulation (EEC) No 619/84 of 5 March 1984⁽⁸⁾ (aid provided for: 44,7 Mio ECU for one year) extended the application of certain provisions of Regulation (EEC) No 1975/82 to other rural areas of the country. Since December 1983 the Commission has also instituted several pilot schemes in preparation for the implementation of the IMP⁽⁹⁾.

1.4. The present special report is concerned with specific measures approved in favour of Greek agriculture. In terms of the break-down of the sums involved, it is primarily concerned with Regulation (EEC) No 1975/82 on the acceleration of agricultural development in Greece, (aid provided for: 198,6 Mio ECU), which was later supplemented by Regulation (EEC) No 619/84 (aid provided for: 44,7 Mio ECU).

1.5. The Court of Auditors carried out checks in connection with these measures in 1984 (Epirus), 1985 (Thessaly) and 1986 (Crete and Central Greece).

1.6. In addition to the introduction and conclusion, the present special report consists of three parts. The first section examines the statutory framework and the drawing-up of the programmes, whilst the second and third parts deal with the implementation of the programmes and the measures adopted for following up and checking the implementation of the measures.

2. The regulatory framework and the drawing-up of the programmes

THE CONTENT OF THE REGULATIONS AND PROGRAMMES

2.1. Every regulation which institutes a common measure specifies the type of operation eligible for aid from the Fund and the principal rules governing the grant of it. In most cases, there is provision for a programme to be drawn up to ensure that the measure is carried out.

Regulations (EEC) no 1975/82 and 619/84

2.2. Regulation (EEC) No 1975/82 is intended to accelerate agricultural development in certain regions of Greece and, to this end, it instituted a common measure for a period of five years (July '83 - July '88), with a view to bringing about a significant improvement of agricultural structures and the possibilities of agricultural production. It provides for aid from the Fund (estimated cost: 198,6 Mio ECU for five years) for six types of measure, namely:

- (a) the improvement of the rural infrastructure;
- (b) irrigation;
- (c) land improvement;
- (d) the development of beef-cattle, sheep and goat farming;
- (e) the improvement of facilities for agricultural training;
- (f) forestry improvement.

2.3. The regulation applies to less-favoured areas (as defined in the directive on mountain and hill farming and farming in other less-favoured areas) in 22 nomói (administrative units). In the case of improvements to rural infrastructure, irrigation and forestry improvement, however, the scope of the regulation was extended to all rural areas of Greece for a period of one year (December 1984 to December 1985) by Regulation (EEC) No 619/84, which indicated an estimated cost of 44,7 Mio ECU.

2.4. Aid is provided by the Fund in the form of reimbursement of expenditure by the Greek Republic, but the Commission may grant advances. In principle, 50% of eligible national public expenditure is refunded, but in the case of rural infrastructure it may not exceed 40% of the cost of the investment. Various other ceilings or limits have been laid down, including those for unit costs and for the overall maximum proportion which may be awarded for each type of operation. The procedures relating to requests for repayment and the payment of advances were adopted by a Commission decision dated 2 December 1983⁽¹⁰⁾.

Programmes for the realization of the measures provided for by Regulations (EEC) Nos 1975/82 and 619/84

2.5. Measures governed by the two regulations have to be carried out within the framework of programmes drawn up by the Greek government and approved by the Commission. In the case of Regulation (EEC) No 1975/82, the five-year programme submitted to the Commission by the Greek government was approved on 29 July 1983⁽¹¹⁾. In the case of Regulation (EEC) No 619/84, the corresponding dates are 4 September 1984 and 5 December 1984 respectively⁽¹²⁾.

2.6. The content of the two programmes is analysed in greater detail in the Annexes to the present report and a summary is provided in Table 1.

2.7. For each type of operation envisaged, the five-year programme provided for in Regulation (EEC) No 1975/82 also contained a break-down of expenditure for each year (1983-88) and the distribution between the 22 administrative regions involved. In the case of the Regulation (EEC) No 619/84 programme, which is for a period of one year, the amounts earmarked for the various types of operations are divided among three geographical areas.

Regulations (EEC) Nos 2966/83 and 2969/83 and their programmes or special programmes

2.8. Regulation (EEC) No 2966/83, which was adopted on 19 October 1983, concerns the development of agricultural advisory services and provides for a grant of 50% of expenditure incurred in setting up centres for training advisors, specialist training for teachers, training advisors and employment of advisors. The maximum eligible annual expenditure on employment of advisors is 12 500 ECU for each new advisor taking up employment.

2.9. The initial duration of these measures was one year, but was doubled by Council Regulation (EEC) No 1301/84 of 7 May 1984⁽¹³⁾, which also raised the total estimated expenditure from 4 Mio ECU to 10 Mio ECU. The programme relating to the carrying-out of these measures was submitted to the Commission in November and December 1983 and approved on 13 January 1984⁽¹⁴⁾; it was subsequently amended and the amendment was approved on 5 December 1984⁽¹⁵⁾.

2.10. Regulation (EEC) No 2968/83, which was also adopted on 19 October 1983, concerns the acceleration of collective irrigation operations. Unlike previous regulations, this one concerns direct action, which does not involve the preparation of a programme in the sense of the programmes provided for in the regulations already examined. Aid from the Fund is granted for special irrigation programmes comparable to large-scale projects. The special programmes relate to collective operations and the aid is equivalent to 50% of the expenditure, with a maximum of 5 000 ECU per hectare irrigated.

2.11. Regulation (EEC) No 2968/83 was amended by Council Regulation (EEC) No 1302/84 of 7 May 1984(16), which increased the period initially provided for the measures from one to two years and raised the estimated total cost from 8 Mio ECU to 17 Mio ECU.

OBSERVATIONS

The multiplicity of the regulations

2.12. Community aid to the development of agriculture in Greece is characterized by a large number of measures adopted within the framework of general or specific regulations. Some of these measures are found in several regulations, sometimes with different eligibility conditions applying during the same period and in identical areas (see paragraphs 2.13 and 2.14 below). The complexity of these measures does little to improve the transparency of Community aid and is an indicator of the lack of overall Community planning for the structural development of agriculture in Greece.

2.13. The conditions included in the general regulations are not always compatible with those included in specific

regulations for the same period and in the same areas of application. For example, Directive 75/268/EEC on mountain and hill farming and farming in other less-favoured areas provided for aid for the improvement of collective pastures of 484 ECU per hectare, which was increased to 500 ECU from 1 October 1985 by Regulation (EEC) No 797/85. The specific regulation, 1975/82, provides for aid of 250 ECU per hectare, in part of the less-favoured areas only, and the Greek programme states that it relates essentially to pasture which may be used freely by the inhabitants of particular rural localities. Consequently, both regulations relate to the same situations and are in practice aimed at the same types of people, which implies that the beneficiaries under the specific regulation have been placed at a disadvantage.

2.14. There are also inconsistencies in the conditions of application of the various specific regulations. Thus, as regards irrigation, Regulations (EEC) No 1975/82 and 619/84 limit the eligible expenditure to 4 800 ECU per hectare for small public networks not exceeding 400 hectares; in Regulation (EEC) No 2968/83, the limit is 5 000 ECU per hectare for larger-scale operations, likewise public ones. The areas to which the regulations apply are identical. The first measures are indirect action of the reimbursement type, the second involves projects, i.e. direct action. In practice, as the Court noted on the spot, the distinction is not very clear because some irrigation works covered by Regulations (EEC) No 1975/82 and 619/84 sometimes prove to be large-scale projects broken down into smaller units (Crete for example), and the same is true of most of the projects submitted under Regulation (EEC) No 2968/83. Follow-up action by the Commission is quite different, depending on whether the measures are indirect, i.e. all the expenditure for a financial year is grouped into a single global amount, or direct, in which case each project is treated separately.

2.15. The succession of measures which have been adopted to assist the structural development of Greek agriculture demonstrates the need for better overall planning of the Community regulations. It should also be noted that the adoption of provisions relating to the integrated Mediterranean programmes (Regulation (EEC) No 2088/85), which so far are in addition to all the other provisions in force further increases the complexity of the regulations by introducing new conditions on eligibility and reimbursement.

The acceleration of agricultural development

2.16. The programmes drawn up contain no comparison or analysis of the additional outlay occasioned by the realization of the programme, as compared with comparable investment expenditure in the regions concerned in previous years or with the way agriculture should have been expected to develop in the absence of the measure.

2.17. In order to achieve the desired acceleration of agricultural development, the loans from the Guidance section should be complementary to national resources and should enable the Community funds to supplement the other resources used. In the absence of suitable documents on this point, it is difficult to ascertain how operations are progressing and to ensure that the aid from the Fund is not ultimately used as a substitute for national resources.

The content of the programmes

2.18. Despite the difficulties involved in drawing up the programmes, which is due, amongst other things, to limited experience of multiannual agricultural programming in Greece, those which have been drawn up do try to quantify the various types of work to be carried out and the data

they contain does include a break-down of quantities and prices for work by administrative region (nomós) and a general break-down of the expenditure for each year.

2.19. Nevertheless, they provide no indication of the effect which realization of the measures is expected to have on agricultural production. Moreover, the documents are of limited use because there is no way of determining which elements of the programmes are binding and which are not. In practice, the view taken by the Member State is that the content of the programmes is essentially in the nature of a guideline. All the break-downs, whether by type of operation, administrative region or year, are regarded as indicative and not as targets to be achieved.

2.20. A view of this kind is open to many variations and results in programmes which are not very efficient tools and which ultimately provide very little in the way of additional constraints to supplement the provisions of the regulations. These programmes are not reliable guides for selecting investments and planning the realization of them and they do not even make it possible to ensure that the various types of operation envisaged remain consistent. This very wide-ranging view also led the Greek authorities to apply to the Commission as early as 1985 for substantial modifications to the programme relating to Regulation (EEC) No 1975/82, whereby credits initially earmarked for the development of stock-breeding would be transferred to items of infrastructure, thus totally changing the structure of the programme. Although the Commission has not given any official reply to this request, the Member State considers that it has in fact been accepted (17), (see paragraph 3.15 below and Table No. 2).

The coordination of Community aid

2.21. Article 2 of Regulation (EEC) No 1975/82 provides that all measures referred to in the common measure must fall within the framework of the regional development programme provided for in the legislation establishing the European Regional Development Fund. Article 5 states that the Regulation does not apply to projects for which Community aid is being provided under other common agricultural measures or through the European Regional Development Fund.

2.22. The Greek programme contains a sentence (page 9) which states that the works form part of the 1983-87 national regional development programme, which was adopted on the basis of the legislation establishing the Regional Development Fund. It also points out (page 1) that, thanks to the efforts made in the context of the five-year economic and social development programme and possible help from other Community Funds (European Regional Development Fund, European Social Fund), it is hoped that there will be a marked improvement in the economic and social situation of the regions in question.

2.23. No more precise information or evidence has been received as regards the coordination of Community aid and checks by the Court have not revealed any specific measure which could have been adopted with a view to such coordination, either at Member State or Commission level. At central government level in the Member States, different ministers are responsible for the aid granted by different Funds and they handle it independently, whereas at local level administrative departments are not always informed which part of the operations, if any, is financed by each of

the Community Funds. At Community level, coordination with other structural funds is made more difficult by the inadequacy of the information obtained from the national authorities (see paragraph 4.15 below). As for loans granted by the European Investment Bank, the programme contains no indication that any have been made.

International aid

2.24. The Greek programmes make no mention either of aid, particularly in the forestry sector, obtained from international organizations such as the World Bank, the Council of Europe or the FAO.

3. The implementation of the programmes

3.1. The present Chapter contains a review of the financial progress of the different programmes and lists the main observations to which the Court's checks gave rise.

THE PROGRESS OF THE PROGRAMMES

The programme under Regulation (EEC) No 1975/82

3.2. The implementation period for this programme runs from 1983 to 1988. The state of progress in financial terms as at 31 December 1985, (half-way through the programme), can be seen from Table 2.

3.3. As at the same date, the total aid paid by the Fund towards the expenditure of 102,7 Mio ECU was 47,1 Mio ECU, including advances. More detailed figures relating to progress on the sub-items of the programme may be found in the Annexes to this report (see also paragraphs 3.13 and 3.16 below).

The programme under Regulation (EEC) No 619/84

3.4. This programme was to be carried out over a period of one year, ending on 31 December 1985. The state of progress as of that date is summarized in Table 3.

3.5. As at 31 December 1985, the total paid, including advances, amounted to 16,2 Mio ECU, or 36,2%, to which a balance of approximately 0,9 Mio ECU, for which payment is still outstanding at the EAGGF (see paragraph 4.16 below), should be added.

Regulations (EEC) Nos 2966/83 and 2968/83

3.6. These two measures were to be implemented during 1984 and 1985 and the position regarding aid from the Fund as at 31 December 1986 is summarized in Table 4:

3.7. In the case of Regulation (EEC) No 2966/83 the payment of 3,2 Mio ECU represents the payment of two advances for 1985 and 1986. The final contribution for 1985 amounted to 198 946 ECU. In the case of Regulation (EEC) No 2968/83, which is for direct measures, separate decisions are taken in respect of commitments and payments. Commitments were provided in 1984 and 1985 for aid from the Fund totalling 16,1 Mio ECU for four special public irrigation programmes. The corresponding payments amounted to 4,4 Mio ECU at the end of 1986.

OBSERVATIONS

Periods of eligibility of programmes

3.8. The regulations instituting the various measures explicitly provide that (except, obviously, in the case of Regulation (EEC) No 2968/83) the duration of the common measure is to be reckoned from the date of approval of the programme (see for example Article 16(1) of Regulation (EEC) No 1975/82). Such a provision should aim to establish a closer link between the national programme and Community measure.

3.9. The rule is applied with a measure of flexibility, in order to prevent delays in starting measures and particularly in view of the time which may be needed for approval of the programmes. Nevertheless the fact remains that the Community practice is that aid from the "Guidance" section is not normally awarded for expenditure approved prior to the period of examination and approval of the programme.

3.10. In the case of Greece, checks were carried out on the spot by Court officials and they revealed that requests had been made and granted for reimbursement by the Fund in respect of payments effected by the Member State during the validity of the programme, without any distinction between payments relating to operations entered into during the programme and those relating to operations entered into beforehand, even before the adoption of Regulations (EEC) No 1975/82 and 619/84. Similarly, operations approved during the life of the programme but paid for subsequently are not chargeable to the measure and are reimbursed as part of later measures, for example the integrated Mediterranean programmes, which also involve a higher rate of intervention.

3.11. This kind of approach to the question makes it possible to obtain reimbursement from the Fund more quickly, as reimbursement no longer depends on the completion of new operations. Nevertheless, it is irregular because aid from the Fund is ultimately allocated to operations approved outside the programme approved by the Commission. It also has serious drawbacks for the efficiency of the measure, as no arrangements are made to ascertain the impact of the reimbursement on the propensity to invest.

Take-up rates for aid and rates of realization of programmes

3.12. In the case of Regulation (EEC) No 1975/82, the rate of progress at the end of 1985 was 23,3%, by which time it ought to have reached approximately 43%. For the one-year programme under Regulation (EEC) No 619/84, as for the two-year programme under Regulation (EEC) No 2966/83, both of which ended in December 1985, the take-up rate for the aid was less than 40%. As for Regulation (EEC) No 2968/83, at the end of 1986 payments amounted to barely 27% of the commitments, and if the level of commitments is more favourable, it is solely because these are direct measures and the commitments are entered in the accounts at the time the decision to grant aid to the special programmes is taken.

3.13. This situation is partly due to the devaluation of the drachma, which reduced the ECU value of expenditure effected in the national currency. Furthermore, the estimates of expenditure in the Greek programmes are given in ECU only, which makes it difficult to follow developments in drachmas.

3.14. The fact remains, however, that some measures have barely started. In the case of Regulation (EEC) No 1975/82, expenditure to promote the development of stock-breeding reached barely 10% of the amount provided for the period 1983-85 and, in the case of agricultural training, the importance of which was emphasized in the programme, operations are virtually non-existent. The measures which are implemented least are therefore generally those which would have a primarily qualitative impact on agricultural development, whereas the take-up rate is more satisfactory in the case of infrastructure works.

3.15. In the case of irrigation, the measures for which the most credits were available, the level of progress was found to be equally disappointing. Whereas the programme under Regulation (EEC) No 1975/82 allocated 122,5 Mio ECU for works of this kind over five years, expenditure at the end of 1985 amounted to 9,3 Mio ECU. The same is true of the programme under Regulation (EEC) No 619/84, which had earmarked 40,9 Mio ECU for irrigation, whereas realization was only 3,9 Mio ECU, less than 10% of the estimate.

3.16. There is also substantial divergence between estimates and realization according to the location of the works. Some administrative regions carry out at least twice as many infrastructure works as estimated for, whereas others complete only half. The greatest divergence is found in the various types of forestry work, where it has been observed that work is carried out in administrative regions where there was no provision for it, whilst in other administrative regions, where work of this kind was programmed, nothing had been declared at the end of 1985.

Eligibility of the works

3.17. Checks carried out by the Court revealed the following problems concerning the eligibility of the expenditure.

3.18. The expenditure for drilling wells and prospecting for springs is only eligible in connection with projects for the provision of drinking water. However, checks by the Court showed that expenditure was included for such work even when it was not associated with the installation of a water distribution network. Consequently, this expenditure was not eligible for Community aid.

3.19. The aim of the work relating to the improvement of pastures is to protect the soil, increase the productivity of pastures and improve the living conditions for local inhabitants and animals. However, most of the work carried out was basically limited to the construction of access roads. Furthermore, in the cases examined, no subsequent work programmes for the improvement of pastures were noted. Therefore, there is a danger that this measure will just involve the construction of rural roads which have a relatively limited impact on the improvement of pastures.

3.20. For some of the aid relating to the development of stock-breeding, Regulation (EEC) No 1975/82 lays down that aid should only be granted to farmers who have drawn up a plan for the improvement of their farms. The improvement plans examined during a visit of inspection by the Court amounted to nothing more than requests for aid. Furthermore, contrary to the provisions of the regulation, various purchases of plant and equipment were intended for cereals production rather than for fodder production and the cost of some of the investments planned did not actually amount to

the minimum sum required of 2 500 ECU per farm after the investment had been carried out.

3.21. As regards the financing of forestry measures, Regulations (EEC) No 1975/82 and 619/84 state that the measures must be necessary for the improvement of agriculture in the area concerned by means of soil and water conservation. Some of the operations examined by the Court on the spot had no bearing on the improvement of agriculture. Thus, for the improvement of forests which were in a state of decline, almost all the expenditure related to felling for the reafforestation of productive forests, and the revenue deriving from the sale of the timber was not deducted from the expenditure declared to the EAGGF. Such operations are not in line with the objectives of the Community aid.

3.22. Although the aim of expenditure relating to the control of fast-flowing streams should be to protect agricultural and forest soil against erosion, large-scale work of this type was carried out in built-up areas. This can be explained by the fact that the national forestry departments are responsible for the control of fast-flowing streams both inside and outside built-up areas and the national circulars do not give any details as regards the eligibility of work for Community aid.

3.23. The expenditure examined by the Court in relation to "fire prevention" concerned, in addition to the construction of forest roads, the payment of salaries to people responsible for fire detection work. However, the programme only provided for infrastructure work (access roads, fire-breaks, watch towers and water tanks), which should exclude responsibility for salary costs relating to operational activities.

3.24. The expenditure entered under the heading of preparatory work for forestry investments on private land concerned the participation by the Member State in question in the opening up of forest roads on private land. This type of expenditure should have been entered under the construction of forest roads, (Articles 14 and 18, paragraph 2b) of Regulation (EEC) No 1975/82).

3.25. Expenditure on agricultural training, relating to Regulation (EEC) No 2966/83, mainly concerned the employment of advisors. However, the Court noted that some of these advisors were actually office-workers employed by the local government authorities to carry out administrative duties, with no real influence on the training of farmers.

3.26. It is obviously hard to establish exactly how often the cases mentioned previously were observed, concerning the eligibility of expenditure, for all types of work and all regions of the country. The cases found show, however, that a more thorough examination of the operations financed needs to be undertaken to ensure that the conditions laid down by the Community legislation are met, that the eligibility of the work is more strictly controlled and that expenditure which does not comply with the objectives of the measures is rejected.

The making available of advances

3.27. The Community regulation includes the option of granting advances and Commission Decision 83/644/EEC of 2 December 1983 fixed the maximum amount of the advances at 80% of the Community contribution for the financing of the expenditure planned during the reference year. The advances are intended to make starting and completing the work easier, by obviating the need for the recipient Member State to pre-finance the proportion of expenditure which is the responsibility of the Fund.

3.28. In fact, the system has not functioned in such a way as to achieve the intended objectives. The advances were applied for by the Member State relatively late (2 July for 1984 and 16 July for 1985) and they were only paid at the end of the reference year (18 December 1984 and 12 December 1985), at a time when the total national expenditure for the financial year had for the most part already been made. This being so, the advance hardly influences the execution of the work and is simply a payment on account to be deducted from the sum subsequently assessed by way of reimbursement.

3.29. Decision No 83/644/EEC states in Annex 2, that the advances will be made available to the bodies and farmers who bear the financial cost of the work during the year for which the advances are requested. It is stated that these bodies and recipients will be informed in an appropriate manner, when the advance is paid, of the part of the finance which is to be supplied by the Community.

3.30. These provisions have not been applied. Similar deficiencies may be noted regarding the making available of the necessary funds to the departments, whether they concern the operation of the programmes or other public investments financed in the departments. It is only later that the expenditure is broken down in order to decide which expenditure will be borne by the EAGGF.

3.31. Also in relation to advances, the Court has already noted, in its Annual Report concerning the Financial Year 1984(18), the differences which exist between the work mentioned in the requests for advances and the work shown in the requests for reimbursement. An examination of the requests for subsequent years revealed the same differences, on the same scale. Furthermore, it was noted that advances are sometimes requested for work which is not carried out and, conversely, reimbursements are claimed for work which has never been the subject of a request for an advance.

4. Monitoring and inspection of the implementation of the measure

LEGISLATION GOVERNING THE MONITORING AND INSPECTION OF THE MEASURE

4.1. As far as the monitoring and inspection of the measure is concerned, it is necessary to examine the relevant legislation in force in the Member State and then the provisions laid down at Community level. The aim of the following paragraphs is not to give an exhaustive list of these provisions but rather to provide a summary of the main items of information that are of use for an understanding of the rest of this report.

Legislation in the Member State

4.2. In Greece, the monitoring and inspection of the implementation of the measures, both at central and local level, are governed by the legislation usually applicable to the type of public investment in question.

4.3. With the exception of road construction and the provision of water supplies, which are the responsibility of the Ministry of the Interior, the other measures come under various departments of the Ministry of Agriculture and the electrification work is carried out by the public utility which supplies electricity.

4.4. At local level, management is carried out by the departmental directorates. The responsibility of the municipalities is to carry out public information work, draw up certificates or act as principal for the execution of certain works.

4.5. In each nomós, a division of the Greek Court of Auditors inspects the monthly statements of expenditure in the light of the available budgetary appropriations. The monthly statements are forwarded to the central authority to be included in the general accounts of the state. In order to decide which expenditure will be covered by the Community programme, summary lists are drawn up in each nomós for each type of operation.

The Community legislation

4.6. At Community level, Regulation (EEC) No 1975/82 lays down, in Article 20, that the requests for reimbursement shall relate to sums expended by the Hellenic Republic during a given calendar year and shall be submitted to the Commission before 1 July of the following year.

4.7. Article 19 of the same regulation states that when the programme is approved, the Commission shall determine, in agreement with the Hellenic Republic, the manner in which it is to be kept informed of the progress of the development measures. Under Article 16, the Commission shall, during the fourth year, submit a progress report on the common measure. Before the end of the five-year period, the Council shall decide, on a proposal from the Commission, whether the measure should be extended.

4.8. Commission Decision 83/644/EEC sets out detailed forms showing the tables to be completed by the Member State for applications for advances, applications for reimbursement and the yearly progress reports relating to the operations. Article 1 of the Decision lays down that, with the first application for reimbursement, Greece shall communicate to the Commission, the texts of the national implementing and control legislation and the administrative instructions, as well as any other documents relating to the administrative implementation of the measure.

4.9. Pursuant to Article 2 of the same Decision, Greece shall hold at the Commission's disposal, for a period of three years after payment of the final reimbursement, all the supporting documents, or certified copies thereof, in its possession on the basis of which the aid was paid over, the complete files on the recipients as well as the documents and tables on the basis of which the reimbursement and advance-payment applications were drawn up.

4.10. As in the case of all joint measures set up on the basis of Council Regulation (EEC) No 729/70 of 21 April 1970 (19), relating to the financing of the Common Agricultural Policy, on-the-spot inspections may be carried out by officials acting on behalf of the Commission.

OBSERVATIONS

At Member State level

4.11. For each specific measure, circulars, which are replaced each year, are drawn up by each of the Ministries or offices responsible. After three years' implementation of the measures, this amounts to an increase in the number of documents which does nothing to simplify the information and procedures. Despite the vast numbers of such circulars, generally speaking, they only reiterate the provisions of the regulations. They do not provide any additional explanations and do not make it possible to avoid errors of interpretation which lead to eligibility problems.

4.12. Commission Decision 83/644/EEC lists, in Annex 4, the specific documentation which should be included in each individual file relating to the work. Recommendations were also drawn up when the programmes were examined by the Standing Committee on Agricultural Structures. In spite of this, most of the files are incomplete and do not include a description of the work or detailed plans showing their geographical location.

4.13. The central government authorities do little to check whether the circulars are correctly implemented at local level. Local government offers little assistance regarding the interpretation of the circulars or to prevent divergent implementation of the measures. Nor did the Court's visit of inspection find any trace of checks carried out by the central government to establish that the files were in order or to investigate the procedures for the granting and payment of aid. The checks carried out by the local inspection authorities do not deal with compliance with the provisions laid down by the Community regulations.

At Community level

4.14. At Community level, no document has been produced, either in order to facilitate the implementation of the measures and clarify points which are likely to be interpreted in a way that is not in line with the objectives of the regulations. When the programme was approved, it was stipulated that the Greek authorities responsible for carrying it out and the relevant departments at the Commission would meet at least once a year to monitor its progress. No minutes of these meetings, however, have been found in the files, so it must be assumed that the meetings did not take place.

4.15. Monitoring of the execution of the programme is carried out through the Greek Annual Reports, whose contents were specified by the Commission when the programme was approved (Decision 83/387/EEC). In fact, these reports mainly include expenditure statistics which reiterate the data supplied in the applications for reimbursement.

4.16. In connection with the indirect measures (which comprise the main measures examined in this report: Regulations (EEC) Nos 1975/82, 619/84 and 2966/83), the Commission says that it first of all carries out an inspection of the documentation forwarded by the Member States. According to the Commission, this inspection is supplemented at regular intervals by selective on-the-spot checks. In the Court's view, such a monitoring system does not make it possible to discover cases of ineligibility, nor does it encourage efficient implementation of the programmes. As far as Greece is concerned, in practice, payment decisions are taken on presentation of evidence of formal checks made on the aid applications. As regards the implementation of Regulation (EEC) No 1975/82, only a brief on-the-spot inspection was carried out in 1984.

5. Conclusions

5.1. The implementation of Community aid for the acceleration of agricultural development in Greece shows a lack of balance between the excessive amount of Community regulations and the limited amount of monitoring of the application of these regulations at Community, national, regional and local level.

5.2. This lack of balance is itself a consequence of an attitude which gives priority to the financial transfer aspects of the measure, to the detriment of the expected results in terms of economic development and improvement of structures.

5.3. A programme should not be just a combination of various operations. It should be principally an instrument for choosing measures, whose impact one wants to increase in order to achieve certain results. This condition is not fulfilled if the contents of the programme are considered essentially as indicative and if even the eligibility period is subject to differing interpretations.

5.4. The question of the eligibility of expenditure requires a continuous effort to be made in the field of information and assistance in order to emphasize the objectives of the Community measures and prevent the aid being used for less effective expenditure.

5.5. Sufficient importance should also be given to the inspection needs. Measures on the scale of those examined in this report, cannot be undertaken properly unless the measures necessary for monitoring and inspection have been provided for at the outset.

5.6. The numerous measures undertaken in the area of agriculture in Greece show that the aim is to achieve significant results with regard to structural development. However, they show that an overall plan is lacking, and this jeopardizes the attainment of its objectives. This situation should be especially emphasized since the same difficulties might well arise in the forthcoming implementation of the integrated Mediterranean programmes.

* * *

This report was adopted by the Court of Auditors in Luxembourg on 7 October 1987.

For the Court of Auditors

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a smaller 'A' and a final flourish.

Marcel MART
President

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- (1) OJ L 96, 23.4.1972, p. 1.
 - (2) OJ L 128, 19.5.1975, p. 1.
 - (3) OJ L 93, 30.3.1985, p. 1.
 - (4) OJ L 214, 22.7.1982, p. 1.
 - (5) Initial proposal of the Commission: OJ C 251, 19.9.1983, p. 1 and Council Regulation (EEC) No 2088/85, 23.7.1985 on IMP: OJ L 197, 27.7.1985, p. 1.
 - (6) OJ L 293, 25.10.1983, p. 1.
 - (7) OJ L 293, 25.10.1983, p. 5.
 - (8) OJ L 68, 10.3.1984, p. 1.
 - (9) Decisions 84/73/EEC, 84/74/EEC, 84/78 to 81/EEC: OJ L 44, 15.2.1984, p. 18.
 - (10) OJ L 359, 22.12.1983, p. 12.
 - (11) Decision 83/387/EEC, OJ L 222, 13.8.1983, p. 43.
 - (12) Decision 85/22/EEC, OJ L 13, 16.1.1985, p. 20.
 - (13) OJ L 125, 12.5.1984, p. 5.
 - (14) OJ L 23, 28.1.1984, p. 41.
 - (15) OJ L 13, 16.1.1985, p. 19.
 - (16) OJ L 125, 12.5.1984, p. 6.
 - (17) Meanwhile, on 3.8.1987, the Commission submitted to the Council a proposal for a Regulation to amend Article 18 of Regulation (EEC) No 1975/82. The new provisions would allow the Commission to change the allocation of appropriations initially provided for each submeasure, but the total estimated expenditure would remain the same.
 - (18) OJ C 326, 16.12.1985, para 5.48.
 - (19) OJ L 94, 28.4.1970, p.13.

Table 1 - Estimate of national expenditure and EAGGF reimbursements for programmes relating to the acceleration of agricultural development in Greece (Regulations (EEC) No 1975/82 and 619/84)

(Mio ECU)

	Programme of Regulation (EEC) No 1975/82 (1983-1988)	Programme of Regulation (EEC) No 619/84 (1985)
Rural infrastructure	116,-	32,5
Irrigation	122,5	40,9
Land improvement	30,2	-
Development of beef-cattle, sheep and goat farming	41,6	-
Improvement of facilities for agricultural training	7,0	-
Forestry improvement	103,1	28,8
Total	420,4	102,2
Amount borne by the EAGGF	198,6	44,55

Table 2 - Expenditure and realization forecasts at 31 December 1985
(Regulation (EEC) No 1975/82).

(Mio ECU)

	Forecasts		Realization	
	Total expenditure provided for in the programme (1983-1988)	Rate of advance payments provided for at 31.12.1985 %	Payments made in Greece at 31.12.1985 (1)	Rate of advance payments made at 31.12.1985 %
Rural infrastructure	116,-	48,5	35,2	30,3
Irrigation	122,5	40,1	9,3	7,6
Land improvement	30,2	52,3	10,8	35,8
Farming	41,6	43,5	3,7	8,9
Agricultural training	7,0	35,7	0,1	1,4
Forestry	103,1	38,5	38,9	37,7
	420,4(2)	43,0	98,0	23,3

(1) Since the expenditure forecasts in the Greek programmes were in ECU, the payments made have been calculated in ECU according to the exchange rates used by the EAGGF departments.

(2) Of which 198,6 Mio ECU is borne by the EAGGF.

Table 3 - Expenditure and realization forecasts
(Regulation (EEC) No 619/84)

(Mio ECU)

	Expenditure provided for in the programme	Payments made at 31.12.85 (1)	Realization rate %
Rural infrastructure	32,5	19,0	58,5
Irrigation	40,9	3,9	9,5
Forestry	28,8	14,3	49,7
	102,2(2)	37,2	36,4

(1) Since the expenditure forecasts in the Greek programmes were in ECU, the payments made have been calculated in ECU according to the rates used by the EAGGF departments.

(2) Of which 44,55 Mio ECU is borne by the EAGGF according to the Greek programme. Regulation (EEC) No 619/84 provided for 44,7 Mio ECU.

Table 4 - EAGGF aid provided for and allocated at
31 December 1986

(Mio ECU)

	Aid provided for	Aid allocated at 31.12.1986	Utilization rate of appropriations %
Regulation (EEC) No 2966/83 (Agricultural training)	10	3,2 ⁽¹⁾	32
Regulation (EEC) No 2968/83 (irrigation)	17	commitments: 16,1 payments: 4,4	94,7

(1) The payment of 3,2 Mio ECU represents the payment of two advances for 1985 and 1986. The final contribution for 1985 amounted to 198 946 ECU.

Programmes for the acceleration of agricultural development in Greece (Regulations (EEC) No 1975/82 and 69/84):
Breakdown by year of expenditure forecasts and EAGGF reimbursements

(Mio ECU)

	Regulation (EEC) No 1975/82							Regulation (EEC) No 619/84
	Total	1983	1984	1985	1986	1987	1988	1985
1) Rural infrastructure	(116)	(7,48)	(21,92)	(26,84)	(28,84)	(17,84)	(13,08)	(32,50)
Electrification	16	0,48	1,92	3,84	3,84	3,84	2,08	4,5
Provision of water supplies	60	3,00	12,00	13,00	13,00	10,00	9,00	16,8
Road construction	40	4,00	8,00	10,00	12,00	4,00	2,00	11,2
2) Irrigation	122,5	3,70	17,30	28,10	28,65	28,65	16,10	40,90
3) Land improvement	(30,2)	(2,70)	(6,35)	(6,75)	(6,55)	(5,36)	(2,50)	-
Improvement of pastures	25,2	2,70	5,50	5,60	5,40	4,20	1,80	-
Protection of agricultural land	5,0	-	0,85	1,15	1,15	0,70	0,70	-
4) Development of beef-cattle, sheep and goat farming	(41,6)	(2,35)	(6,20)	(9,55)	(9,45)	(9,80)	(4,25)	-
- modernization (construction of livestock housing, purchase of machinery, purchase of male breeding animals)	38,6	2,00	5,70	9,00	8,90	9,20	3,80	-
- Aid for calf farming	3,0	0,35	0,50	0,55	0,55	0,60	0,45	-
5) Improvement of facilities for agricultural training	7,0	-	1,00	1,50	1,50	1,50	1,50	-
6) Forestry measures	(103,1)	(4,70)	(14,20)	(20,80)	(27,10)	(33,30)	(3,00)	(28,00)
Afforestation	23,3	0,40	3,04	4,80	6,30	7,90	0,86	6,5
Improvement of deteriorated forests	16,5	0,30	1,80	3,30	4,80	6,30	-	4,6
Control of fast-flowing streams	21,5	0,40	2,80	4,30	5,80	7,30	0,90	6,0
Fire prevention	5,8	1,00	1,10	1,10	1,20	1,30	0,10	1,6
Forest roads	35,2	2,50	5,26	7,0	8,80	10,50	1,14	9,9
Studies	0,8	0,10	0,20	0,30	0,20	-	-	0,2
Total expenditure	420,4	20,93	66,97	93,54	102,09	96,44	40,43	102,2
EAGGF reimbursements	198,6	9,72	31,29	44,09	48,16	46,44	18,91	44,55

Programmes for the acceleration of agricultural development in Greece: expenditure provided for, payments made and aid granted.

(Mio ECU)

	Regulation (EEC) No 1975/82			Regulation (EEC) No 619/84		
	Total expenditure provided for	Expenditure ⁽¹⁾ incurred at 31.12.85	EAGGF aid ⁽²⁾ at 31.12.85	Total expenditure provided for	Total expenditure ⁽¹⁾ incurred	EAGGF aid ⁽²⁾ at 31.12.85
1) Rural infrastructure	(116)	(35,2)	(14,4)	(32,5)	(19,0)	(6,6)
Electrification of villages	4,0	1,2	0,6	-	-	-
Electrification of farms	12,0	4,3	1,9	4,5	3,6	1,0
Provision of water supplies	60,0	16,9	6,6	16,8	7,3	3,1
Road construction	40,0	12,8	5,3	11,2	8,1	2,5
2) Irrigation	122,5	9,3	6,3	40,9	3,9	3,6
3) Land improvement	(30,2)	(10,8)	(5,3)	-	-	-
Improvement of pastures	25,2	10,7	5,3	-	-	-
Protection of agricultural land	5,0	0,1	0,0	-	-	-
4) Development of beef-cattle, sheep and goat farming	(41,6)	(3,7)	(2,1)	-	-	-
- modernization (construction of livestock housing, purchase of machinery, purchase of male breeding animals)	38,6	2,8	1,7	-	-	-
- Aid for calf farming	3,0	0,9	0,4	-	-	-
5) Improvement of facilities for agricultural training	7,0	0,1	0,0	-	-	-
6) Forestry measures	(103,1)	(38,9)	(19,0)	(28,0)	(14,3)	(6,0)
Afforestation	23,3	7,3	3,5	6,5	5,1	1,8
Improvement of deteriorated forests	16,5	3,7	1,8	4,6	0,9	0,6
Control of fast-flowing streams	21,5	5,2	2,5	6,0	1,1	0,4
Fire prevention	5,8	5,7	2,6	1,6	1,4	0,5
Forest roads	35,2	16,5	8,3	9,9	5,7	2,7
Studies	0,8	0,5	0,3	0,2	0,1	0,0
Total expenditure	420,4	98,0	47,1	102,2	37,2	16,2

(1) Since the forecasts of expenditure in the Greek programmes were in ECU, the payments made have been calculated in ECU according to the rates used by the EAGGF departments.

(2) Including an advance for 1985; it is estimated that for 1985 the final contribution will be less than this advance.

THE COMMISSION'S REPLIES

1. Introduction

When Greece joined the Community, the scale of the structural problems besetting its rural areas and in particular the least-favoured areas, accounting for about a third of the entire country, exceeded by far similar problems which the nine countries had had to contend with.

For example, more than half of the labour force in this area was working in farming, only a third of the households were linked to a drinking water supply, and only 5% of the farmers had undergone training.

It was therefore essential that a very ambitious programme of structural measures should be proposed, despite the large number of unknown factors.

In working out this programme, to be implemented in a Member State which had only just joined and in which there were definite administrative weaknesses, the Commission had to find a balance between:

- the imposition of rigid rules and rigorous verification on pain of withholding financial assistance, and
- the need to promote rapid development of the agricultural economy to enable one of the poorest and most heavily farm dependent Member States to be dovetailed properly into the Community.

None the less, the Commission acknowledges that many of the Court's comments are justified. It notes, in this connection, that these comments are often addressed to Greece itself.

2. The regulations and the preparation of the programmes

OBSERVATIONS

The multiplicity of the regulations

2.12 The fact that a number of schemes are operated concurrently is not proof that there is no overall Community concept for the structural development of agriculture in Greece, but must be seen in the context in which the schemes were devised.

In particular, the schemes under general regulations were not tailored to the special circumstances in Greece. Special measures were therefore needed to cope with the particular problems to be solved.

Initially, all the specific agricultural measures were included in the programme under Regulation (EEC) No 1975/82. However, because of financial constraints on the EAGGF Guidance Section, the programme was confined to the least-favoured areas of Greece.

At the same time, a review of the general problem of the lagging economic development of the Mediterranean regions was put in hand.¹ This review led to the proposals for integrated Mediterranean programmes (IMPs), laid before the Commission in 1983² and eventually adopted by the Council in 1985.³

In the meantime, as part of a review of all the requests made by Greece in its Memorandum presented in 1982, the Commission proposed earlier application of certain agricultural measures intended to form part of the IMPs, submitting the three short-duration measures mentioned by the Court, namely:

¹ Cf., for example, COM(81)637, Mandate of 30 May 1980: approaches for Mediterranean programmes.

² COM(83)24, 17.3.1983.

³ Regulation (EEC) No 2088/85, OJ No L 197, 27.7.1985, p. 1.

- an irrigation scheme,
- an advisory scheme,
- a programme for agricultural development relating to less-favoured areas not covered by Regulation (EEC) No 1975/82.

2.13 The aid provided for in the Regulation, in the two cases referred to by the Court, did not concern the same classes of beneficiary. The general regulation (Regulation (EEC) No 797/85) relates to collective investments made by individuals, while the specific regulation concerns the authorities. Subsequently, it was found, in practice, that the two situations were not at all separate and, accordingly, the Commission is planning to submit proposals to allow for this.

2.14 Regulations (EEC) Nos 1975/82 and 619/84, on the one hand, and Regulation (EEC) No 2968/83 on the other, as regards irrigation, concern, as noted by the Court, different situations which may justify the different forms of intervention and eligible amounts fixed in the Council regulations.

In the first case, the regulations concern a large number of projects, generally small ones located in upland areas. In the second case, the projects were larger ones, located in the lowlands, with the need that this entails for better supervision of types of farming; the system of direct aids, with advance approval of the projects, matches this situation better.

2.15 The Commission realizes that Community regulations should reflect an overall concept. In its reply to point 2.12, it has explained the reasons, mainly relating to the budget, why the various schemes were phased in gradually.

Also, as regards the implementation of the IMPs, the objective of both Regulation (EEC) No 2088/85 and the clear procedures for implementation is the unification of the regulations and a simplification of techniques for operating the schemes.

The acceleration of agricultural development

2.16 to 2.17 The Council laid down in the regulations the points which the programmes must include. The programmes were established in accordance with these rules.

However, the Commission, aware of the importance of the problem mentioned by the Court, had already raised, in the course of verification in 1984, the problem of the assessment of the "additional outlay" for certain major sectors. Accordingly, it requested and received from Greece the relevant information. Of course, it is not easy to demonstrate the "additionality" of Community aid. Mere comparison with the past does not yield an accurate assessment of the "additionality", especially where Community intervention coincides with a period of exceptional rigour in the conduct of public finance in the Member State concerned.

None the less, it was found that the forestry measures with Community financing constituted 65% of overall public expenditure in 1983 for the same types of operation in the same areas. For 1985, the share of the programme in the fields of water supply and rural roads accounted for 24% and 5% respectively of overall public expenditure in the 22 departments concerned, which demonstrates the scale of Community aid in this field.

The content of the programmes

2.19 to 2.20 In the Commission's opinion, for the scheme in question, the programme should not have an unduly binding character, as the implementation of rigid measures could well lead to disappointments. On the other hand, it must be recalled that the constraints of the regulation, which were large in number and quite specific, rendered it difficult to implement in certain sectors and that the addition of further constraints could hardly have facilitated the achievement of its objectives.

The coordination of Community aid

2.23 It should be recalled that the programme set up by Regulation (EEC) No 1975/82 concerns agricultural development in certain regions of Greece, and that it does not concern an integrated programme.

None the less, the Commission agrees that there is a need for proper consistency between the operations of the various Funds, and it has tightened up coordination by setting up a Directorate-General for the coordination of structural instruments and an interdepartmental coordination group reporting to a group of Commissioners.

3. The implementation of the programmes

THE PROGRESS OF THE PROGRAMMES

Regulations (EEC) Nos 2966/83 and 2968/83

3.6 Total assistance for Regulation (EEC) No 2966/83 received by Greece as of 31 December 1985 was 3 232 620 ECU, of which 3 033 674 ECU in advance payments and 198 946 ECU in reimbursements.

OBSERVATIONS

Periods of eligibility of programmes

3.10 to 3.11 It should be remembered that this largely concerns schemes already in existence, the implementation of which had to be speeded up. If, in order to ensure proper execution of the work, the Member State acted ahead of the approval of the programme, the Commission takes the view that the expenditure is eligible for Community financing provided such financing relates to work in line with the requirements of the basic regulation and that it does not exceed the period prescribed in the basic regulation (for Regulation (EEC) No 1975/82, five years; for Regulation (EEC) No 619/84, one year).

For the determination of the eligibility of expenditure disbursed after the end of this period, reference must be made to the content of the Integrated Mediterranean Programmes when these are approved.

Aid take-up rates and rates of implementation of programmes

3.12 to 3.13 The Commission concedes that some programmes were not implemented as rapidly as was anticipated when they were adopted. The delay can be partly accounted for by the devaluation of the drachma, mentioned by the Court. But it is also partly due to the fact that Greece, as a new Member State, had to adopt and implement a set of new and widely varied measures for agriculture. Lack of experience of the administrative mechanisms to be set up and operated effectively and the time it took for farmers to get used to new ideas and procedures delayed matters considerably. Poor conditions in the general economy, requiring a restrictive national policy in budget matters, could only strengthen this effect.

3.14 to 3.16 More particularly as regards the programme implementing Regulation (EEC) No 1975/82, it is true that the rates of execution of irrigation operations, of investments in stockfarming holdings and investments in equipment for agricultural training fell well short of the forecasts in the programme. The delays can be accounted for by technical and administrative constraints (availability of studies, long lead-times for tender calls, availability of building sites for training centres); it is estimated that, as most of these problems have been solved, work in subsequent years should enable much of the delays up to 1985 to be made good. Delays as regards investments in farms must be attributed partly to difficult general economic conditions in recent years, inhibiting investment by farmers, and partly to the novelty of the mechanism implementing this scheme.

It should also be noted that certain unforeseeable circumstances, such as the major forest fires in recent years, may necessitate the shifting of available funds to new priorities.

Much the same reasons account for the low rates of execution of the programmes under Regulations (EEC) Nos 2966/83 and 619/84, to which must be added their short duration.

Eligibility of the works

3.18 The Commission notes the Court's observation and will verify compliance with the rules on the basis of information to be sent by the Court.

3.19 The programme provides for the expansion of production of grass, consisting partly in the execution of technical infrastructure work including the construction of roads giving access to pastures. The Greek programme did indeed lay down and assigned priority to work on access roads, this being indispensable to facilitate access and for improvements which might follow.

3.20 On the occasion of on-the-spot checks, the Commission made the same comments as the Court, and it has pressed the Greek authorities to remedy this situation and ensure stricter implementation of the Regulation.

3.21 The Commission notes the Court's observation and will verify compliance with the rules on the basis of information to be sent by the Court. It recalls that the felling of weak and old trees is included in the Greek programme among measures to improve the quality of the woodlands.

Normally, the quality of this timber is such as to render it unsaleable. However, where in certain cases it has been sold, the Commission agrees that the proceeds should be deducted from the total cost of the work carried out.

3.22 It is true that it is very difficult to establish an accurate demarcation, for any given project, of the area that can be regarded as being protected by given work on improvements relating to fast-flowing streams.

Also, such protection can benefit areas upstream and downstream of the works. However, the Commission notes the Court's observation and requests that it provide further details with a view to such action as may be necessary.

3.23 Reimbursement applications sent in by Greece for expenditure on fire prevention do not show that the remuneration of persons responsible for fire detection work is included in eligible expenditure. However, the Commission will ask Greece for clarification.

3.24 The Commission will request further clarification from Greece following the Court's observation.

3.25 The Commission carried out an on-the-spot check in February 1987, but did not note this problem. However, it must stress that it has insisted that Greece include in reimbursement applications only advisers working in accordance with the Regulation. The Member State has been asked to send full documentation relating to the situation.

3.26 The Commission would recall that in cases of doubt as to the eligibility of expenditure, provisional deductions are made pending explanatory detail from the relevant Member State.

Because of the very large number of indirect measures with many and varied aids (44 measures and about 300 different types of aid), no thorough and systematic scrutiny of individual files for each item of expenditure can be carried out. However, the Commission takes the view that the system of verification on a sampling basis used so far has ensured compliance with the conditions laid down in Community regulations.

The making available of advances
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3.28 The Commission regrets that it is not in a position to make advance payments immediately on receipt of the application from the Member State, as it must check the application and often contact the Member State for further information and explanations.

However, even delayed advance payments meet, at least in part, the objective, which is to provide relief for the problem of advance financing burdening the national budget.

3.29 - 3.30 On the occasion of on-the-spot verification, the Commission has made the same observation as the Court, and it has asked Greece to inform systematically the beneficiaries of the share of funds deriving from the Community.

3.31 It is true that advance payments are sometimes requested for work which is not being carried out, and reimbursements are also requested for work for which no advance payment has been requested. The Commission has asked the Greek authorities to adapt the system of advance payment estimates and, instead of establishing these estimates at central level, to take as basis the estimates of the departments and regions so as to obtain a more realistic picture. However, in general, the definitive results still very often differ from the estimates made for the various types of aid.

However, the Commission takes the view that the main objective is to facilitate the implementation of the measure, provided, of course, that the total amount of advance payments granted can be justified by eligible expenditure really disbursed.

4. Monitoring and inspection of the implementation of the measures

OBSERVATIONS

At Community Level =====

4.14 to 4.16 The Commission's system of verification of indirect measures is, in the first instance, a system of checking documents sent in by the Member States. From time to time, selective checks are carried out on the spot. These enable the Commission to verify the implementation and verification systems in the Member States and to check, on a sample basis, that details in the documents are in fact accurate.

On-the-spot checks were carried out in Greece in respect of eight of the nine indirect measures being implemented.

5. Conclusions

5.6 While the general remarks made by the Court are largely justified, it is important to bear in mind the context in which the EAGGF Guidance Section operates in Greece.

When Greece joined the Community in 1981, the Commission realized how far the least-favoured agricultural areas, in particular, were lagging behind in their development. In response, it proposed in early 1982 a comprehensive set of measures. This programme broke new ground not only for Greece but also for the Community. The only comparable operation was the agricultural development programme for the less-favoured regions of the West of Ireland, laid down in Regulation (EEC) No 1820/80.⁴ However, work on implementing this Regulation had hardly started and there was therefore little, at that early stage, to be learned from it.

Since then, the Commission has proposed and the Council has adopted a legal framework for the implementation of the Integrated Mediterranean Programmes. This framework will replace the conventional measures covered by this report, as they gradually run out.

It is therefore reasonable to expect that the greater flexibility available under the new framework, with its provisions for technical assistance and follow-up, will dispose of a number of the problems to which the Court refers.

Subsequently, developments along the lines advocated by the Court should continue under the reforms of the structural Funds. Following these reforms, the Commission is planning to establish a fully-fledged partnership with the national and regional authorities in the elaboration and execution of measures of this type.

Also, as regards the execution of the regulations to which this Report relates, the Commission would stress that it will be referring to the Greek administration the various matters raised by the Court, in particular on the question of the eligibility of the work carried out.

⁴OJ No L 180, 14.7.1980, p. 1.

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Regulation (EEC) No 1975/82

m ECU

	: Base eligible expenditure : Execution by Greece				: Cumulative : 1983-1985	: Total EAGGF payment : (advance payment + balance)			: Cumulative : 1983-1985
	: 1983	: 1984	: 1985			: 1983	: 1984	: 1985	
: 1. Infrastructure	: 6,08	: 12,67	: 16,42	: 35,17	: 2,43	: 5,07	: 6,57	: 14,07	
: 2. Irrigation	: 1,05	: 3,56	: 4,68	: 9,29	: 0,52	: 1,78	: 2,34	: 4,64	
: 3. Land improvement	:	:	:	:	:	:	:	:	
: 4. Stockfarming	: 1,50	: 4,17	: 5,17	: 10,84	: 0,75	: 2,08	: 2,59	: 5,42	
: 5. Training equipment	: 0,14	: 1,45	: 2,07	: 3,66	: 0,07	: 0,73	: 1,03	: 1,83	
: 6. Forestry	:	: 0,01	: 0,10	: 0,11	:	: 0,01	: 0,05	: 0,06	
: TOTAL	: 9,56	: 17,03	: 12,32	: 38,91	: 4,78	: 8,51	: 6,16	: 19,45	
	: 18,33	: 38,89	: 40,76	: 97,98	: 8,55	: 18,18	: 18,74	: 45,47	

Regulation (EEC) No 1975/82

ECU

	Base eligible expenditure Execution by Greece			Cumulative	Total EAGGF payment (advance payment + balance)			Cumulative
	1983	1984	1985	1983-1985	1983	1984	1985	1983-1985
1. Infrastructure	6.080.325	12.666.896	16.424.295	35.174.516	2.432.130	5.066.759	6.569.718	14.068.607
Electrification	817.733	1.863.993	2.807.115	5.488.841	327.093	745.597	1.122.846	2.195.356
Water supply	2.408.760	5.965.925	8.486.903	16.861.588	963.504	2.386.370	3.394.761	6.744.635
Roads	2.853.832	4.836.978	5.130.278	12.821.088	1.141.533	1.934.791	2.052.111	5.128.435
2. Irrigation	1.050.496	3.564.632	4.677.532	9.292.660	525.248	1.782.316	2.338.766	4.646.330
3. Land improvement	1.497.640	4.165.892	5.168.722	10.832.254	748.820	2.082.946	2.584.361	5.416.127
Pastures	1.497.640	4.165.892	5.121.280	10.784.812	748.820	2.082.946	2.560.640	5.392.406
Protection, erosion			47.442	47.442			23.721	23.721
4. Stockfarming	141.474	1.454.146	2.068.354	3.663.974	70.737	727.073	1.034.177	1.831.987
Investment	141.474	1.014.402	1.654.002	2.809.878	70.737	507.201	827.001	1.404.939
Calf premium		439.744	414.352	854.096		219.072	207.176	427.048
5. Training equipment		14.010	96.274	110.284		7.005	48.137	55.142
6. Forestry	9.557.252	17.029.642	12.321.154	38.908.048	4.778.626	8.514.821	6.160.577	19.454.024
	(dif. 1874)							
Reafforestation	1.857.546	2.978.540	2.487.744	7.323.830	928.773	1.489.270	1.243.872	3.661.915
Deteriorated forests	388.068	1.879.812	1.442.020	3.709.900	194.034	939.906	721.010	1.854.950
Fast streams	1.287.898	2.353.362	1.561.154	5.202.414	643.949	1.176.681	780.577	2.601.207
Fire breaks	1.265.196	2.595.652	1.850.882	5.711.730	632.598	1.297.826	925.441	2.855.865
Forest paths	4.679.300	6.871.954	4.907.968	16.459.222	2.339.650	3.435.977	2.453.984	8.229.611
Preparatory work	81.118	350.322	71.384	502.824	40.559	175.161	35.692	251.412
TOTAL	18.327.187	38.895.218	40.756.331	97.978.736	8.555.561	18.180.920	18.735.736	45.472.217

Regulation (EEC) No 619/84

m ECU

	Execution by Greece			Total EAGGF payment		
	Base eligible expenditure		Cumulative	(advance payment + balance)		Cumulative
	1984	1985	1983-1985	1984	1985	1983-1985
1. Infrastructure	1,59	17,43	19,02	0,64	6,97	7,61
2. Irrigation	0,03	3,85	3,88	0,01	1,92	1,93
3. Forestry	2,30	11,98	14,28	1,15	5,99	7,14
TOTAL	3,92	33,26	37,18	1,80	14,88	16,68

Regulation (EEC) No 619/84

m ECU

	Execution by Greece			Cumulative	Total EAGGF payment		
	Base eligible expenditure				(advance payment + balance)		Cumulative
	1984	1985	1983-1985	1984	1985	1983-1985	
1. Infrastructure	1.589.005	17.432.650	19.021.655	635.602	6.973.060	7.608.662	
Electrification	489.228	3.163.220	3.652.448	195.691	1.265.288	1.460.979	
Water supply	458.720	6.829.620	7.288.340	183.488	2.731.848	2.915.336	
Roads	641.057	7.439.810	8.080.867	256.423	2.975.924	3.232.347	
2. Irrigation	29.296	3.846.254	3.875.550	14.648	1.923.127	1.937.775	
6. Forestry	2.299.846	11.979.190	14.279.036	1.149.923	5.989.595	7.139.518	
Reafforestation	1.225.524	3.938.892	5.064.416	612.762	1.919.446	2.532.208	
Deteriorated forest	120.578	800.390	920.968	60.289	400.195	460.484	
Fast streams	149.700	955.720	1.105.420	74.850	477.860	552.710	
Fire breaks	357.056	988.506	1.363.562	187.528	494.253	681.781	
Forest paths	404.588	5.325.090	5.729.678	202.294	2.662.545	2.864.839	
Preparatory work	24.400	70.594	94.994	12.200	35.297	47.497	
TOTAL	3.918.147	33.258.094	37.176.241	1.800.173	14.885.782	16.685.955	