

# Financial Management of Rural Development Programmes 2007-2013



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2<sup>nd</sup> Seminar  
on «Good management of Rural development  
programmes 2007-2013 »



European Commission  
Agriculture and  
Rural Development

# Outline of the presentation

## Two blocks of subjects:

- Financial management of RD programmes
  - The experience 2007-2010
  - Some concerns
- Financial management of additional funds  
Health check and recovery package
  - Programming of new funds
  - The ring fencing dimension



# The experience 2007-2010 (1)

## Some important changes compared to SF and RD programming 2000-2006

- EU contribution based on public expenditure
- Co-financing rate by axis. Payments calculated at the rates in force each quarter
- Predefined periods and deadlines of declaration
- Annual clearance of accounts.



## The experience 2007-2010 (2)

- EU contribution based on public cost:
  - Beneficiaries receive a single public aid approved under the programme, and co-financed by the EAFRD and the national budget
  - Only the total public aid paid is declared in the quarterly declarations. EAFRD part easily calculated
  - Simplified annual clearance of accounts.
- *Financial management to be kept as simple as possible*



# The experience 2007-2010 (3)

- Co-financing rate by axis:
  - Shift of funds between measures within an axis are neutral for EAFRD contribution
  - The paying agency knows well in advance the EAFRD contribution for each payment
- Payments calculated at the rates in force each quarter (no retroactive impact)
- *Multiplicity of co financing rates complicate financial management*



# The experience 2007-2010 (4)

- Predefined periods and deadlines for declaration
  - No difficulty for implementation.
  - Timely and accurate financial information
  - Time limits for application of revised financial plans
  - Avoids old expenditure forgot in the drawer
  - Quick reimbursement by the Commission (21 days average, 78% of claims paid in less than 30 days)
- *Useful practice to be kept*



# The current experience (5)

## The annual clearance of accounts:

- Annual reconciliation between expenditure declared to the Commission and the paying agency's accounts
- Possibility for correction of errors in the quarterly declarations
- Annual audit review by the certifying body
- Easy and effective follow up of irregularities
- Simplified closure of the programmes based on the last year clearance decision

*Essential financial assurance for the responsible bodies*



# The current experience (5)

## Some concerns:

- Declarations of expenditure usually received at last minute. *earlier reception would lead to earlier payments.*
- Poor quality of forecast of expenditure makes *budget management difficult.* (on average, forecast 26% higher than actual expenditure)
- *There is still room for improvement*



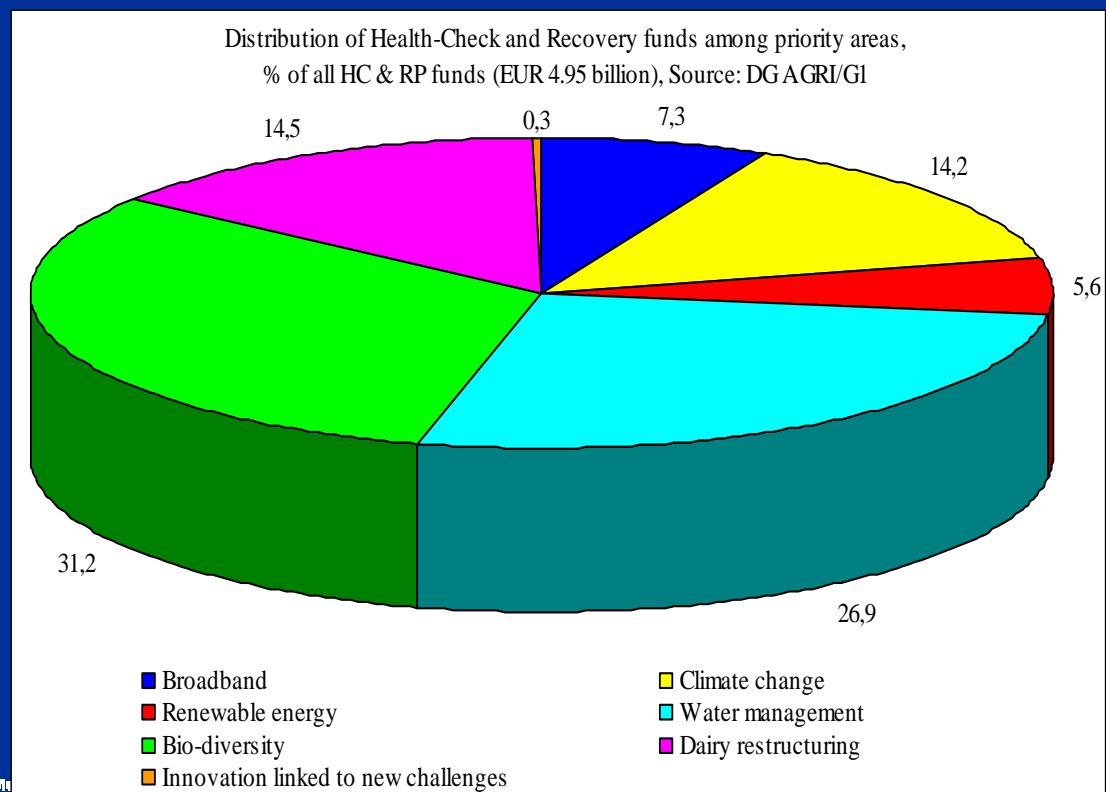
# Health check and Recovery Package funds. Programming (1)

- Additional funds of 5bn € for the period 2009-2013.
- To be used for actions meeting the new challenges (NC) requirements, not subject to minimum spending rates by axis,
- Distribution between new challenges actions as indicated in the graph



# Health check and Recovery Package funds Programming (2)

- Distribution between NC priorities

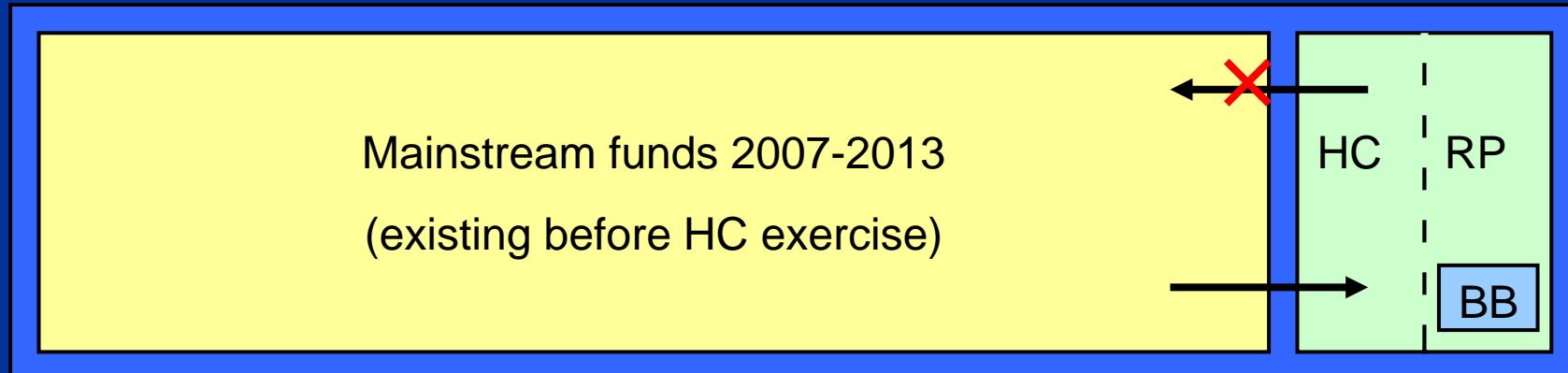


# Health check and Recovery Package funds. Financial management

- Funds treated together with the mainstream funds for n+2 effects (single annual commitment by programme)
- Actions meeting the New Challenges conditions to be identified as such at the moment of approval and during the execution and payment (ad hoc code in X tables )
- Amounts are declared in a separate table co-financed at higher rates.
- After full use of the HC/RP envelope NC actions are financed at normal co financing rates



# Health check and Recovery Package funds. The ring fencing dimension (1)



- Mainstream funds can finance any type of actions, at the mainstream co-financing rates
- HC funds can only finance new challenges' (NC) type actions excluding broad band
- RP amount can finance all the NC type actions.
- BB Amounts have to be used for BB



# Health check and Recovery Package funds. The ring fencing dimension (2)

- Ring fencing is monitored through the quarterly declarations of expenditure
  - NC expenditure is declared in separate table
  - BB actions is declared under measure 321
- Annually at clearance of accounts
  - The clearance decision will identify the amounts spent each year for the different types of actions. Only for follow up purposes.
- At closure of the programme are lost:
  - BB funds of the programme not used for BB
  - Other HC/RP not used for NC type actions



Thank you for your attention



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