

Fruit and vegetables

Producer Organisations (POs)

POs' recognition - Requirements

Key requirements to be complied with for granting recognition are the following:

- (a) The PO must be formed on the initiative of farmers, who are growers of products covered by the regime and/or of such products intended solely for processing;
- (b) The PO must be able to achieve certain objectives, which contribute to the general aims of the regime, namely:
 - the use of environmentally sound cultivation practices, production techniques and waste management practices, in particular to protect the quality of water, soil and landscape, and preserve or encourage biodiversity;
 - and one or more of the following objectives:
 - i) ensuring that production is planned and adjusted to demand, particularly in terms of quality and quantity;
 - ii) concentration of supply and the placing on the market of the products produced by its members;
 - iii) optimising production costs and stabilising producer prices;
- (c) The PO must:
 - have a minimum number of members and cover a minimum volume or value of marketable production (to be laid down by Member State), and provide the relevant evidence thereof;
 - provide sufficient evidence that the PO can carry out its activities properly over time and in terms of effectiveness and concentration of supply
 - effectively enable its members to obtain technical assistance in using environmentally-sound cultivation practices;
 - effectively provide their members, where necessary, with the technical means for collecting, storing, packaging and marketing their produce;
 - ensure proper commercial and accounting management of their activities; and
 - not hold a dominant position in a given market.

Moreover, associations of the PO must also provide for a number of specific requirements applicable to the producer members, including the following:

- apply the rules adopted by the PO relating to production reporting, production, marketing and protection of the environment;
- belong to only one PO in respect of a given product covered by the regime;
- market their entire concerned production through the PO;
- provide the information requested by the PO for statistical purposes, in particular on growing areas, quantities cropped, yields and direct sales;
- pay the financial contributions provided for in its articles of association for the establishment and replenishment of the operational fund.

The recognition is granted in respect of the product or group of products specified in the application for recognition. Member States are required to carry out checks at regular intervals to ascertain whether the recognized PO comply with the recognition requirements. They must impose penalties on such organisations in the event of noncompliance or irregularities concerning the compliance with recognition requirements and decide, where necessary, to withdraw recognition.

Operational funds

POs may set up an operational fund. The fund is financed by:

- (a) financial contributions of members or of the PO itself;
- (b) Union financial assistance which may be granted to POs.

Operational funds must be used only to finance operational programmes approved by Member States.

The financial contribution to the operational fund is determined by the PO. All producer members must have the opportunity to benefit from the operational fund, and all them have the opportunity to participate democratically in decisions concerning the use of funds of the PO and the financial contributions to the operational funds.

Operational programmes: objectives and types of measures

Operation programmes have a minimum duration of three years and a maximum duration of five years. They must have two or more of the following objectives:

(a)	ensuring that production is planned and adjusted to demand, particularly in terms of quality and quantity
(b)	concentration of supply and the placing on the market of the products produced by its members
(c)	optimising production costs and stabilising producer prices
(d)	planning of production
(e)	improvement of product quality
(f)	boosting the commercial value of products
(g)	promotion of the products, whether in a fresh or processed form
(h)	environmental measures and methods of production respecting the environment, including organic farming
(i)	crisis prevention and management

Operational programmes can cover eight different types of measures:

(i)	actions aimed at planning of production
(ii)	actions aimed at improving or maintaining product quality
(iii)	actions aimed at improving marketing, including promotion and communication activities
(iv)	research and experimental productions;
(v)	training actions and actions aimed at promoting access to advisory services
(vi)	crisis prevention and management instruments
(vii)	environmental actions
(vii)	other actions contributing to the one or more of the objectives of the operational programmes

Operational programmes must be submitted for approval to the competent national authorities, which may approve or reject them or request their modification.

Union financial assistance to the POs' operational funds

The Union financial assistance is equal to the amount of the financial contributions of members or of the PO itself to the operational fund of the PO as actually paid but limited to 50 % of the actual expenditure incurred.

The Union financial assistance is capped at 4,1 % of the **value of the marketed production** (see box) of each PO. However, that percentage may be increased to 4,6 % of the value of the marketed production provided that the amount in excess of 4,1 % of the value of the marketed production is used solely for crisis prevention and management measures.

Value of the marketed production (of a PO)

The value of marketed production (VMP) for a PO is calculated on the basis of the production of the members of the PO, for which the PO is recognised.

Member States may allow POs to include the value of the by-products in the value of the marketed production.

The value of the marketed production include the value of the products withdrawn that have gone to free distribution, estimated at the average price of those products marketed by the PO in the previous year.

The marketed production must be invoiced at the "ex-producer organisation" stage:

- (a) where applicable, as product which is packaged, prepared, or has undergone first-stage processing;
- (b) excluding VAT; and
- (c) excluding internal transport costs, where the distance between the centralised collection or packing points of the PO and the point of distribution of the PO is significant. Member States shall provide for reductions to be applied to the invoiced value for products invoiced at different stages of processing or delivery or transport.

The annual ceiling (4.1% of the VMP) on the Union financial assistance aid to the operational funds is calculated each year on the basis of the value of marketed production during a 12-month reference period to be determined by the Member States.

The reference period is to be fixed by the Member States for each PO as:

- (a) a 12-month period, starting no earlier than 1 January three years preceding the year in which the operational programme is implemented and ending no later than 1 August of the same year; or
- (b) the average value of three subsequent 12-month periods starting no earlier than 1 January five years preceding the year in which the operational programme is implemented and ending no later than 1 August of the same year.

The 12-month period must be the accounting period of the PO concerned.

The reference period cannot vary during an operational programme except in duly justified situations.

At the request of a PO, the percentage of the Union financial assistance may be increased to 60 % for an operational programme or part of an operational programme where it meets at least one of the following conditions:

(a)	it is submitted by several Community producer organisations operating in different Member States on transnational schemes;
(b)	it is submitted by one or more producer organisations engaged in schemes operated on an interbranch basis;
(c)	it covers solely specific support for the production of organic products;
(d)	it is submitted by a producer organisation in one of the Member States which acceded to the European Union on 1 May 2004 or after that date;
(e)	it is the first to be submitted by a recognised producer organisation which has merged with another recognised producer organisation;
(f)	it is the first to be submitted by a recognised association of producer organisations;
(g)	it is submitted by producer organisations in Member States where producer organisations market less than 20 % of fruit and vegetables production;
(h)	it is submitted by a producer organisation in one of the outermost regions of the Community
(i)	it covers solely specific support for actions to promote the consumption of fruit and vegetables targeted at children in educational establishments.

Under certain conditions, the percentage of the Union financial assistance is increased to 100 %, in the case of market withdrawals of fruit and vegetables destined to free distribution to charitable organisations and foundations, penal institutions, schools and public education institutions, hospitals or old people's homes.

National financial assistance to the POs' operational funds

In regions of the Member States where the degree of organisation of producers is particularly low, Member States may be authorised by the Commission, on a duly substantiated request, to pay POs national financial assistance equal to a maximum of 80 % of their financial contributions to their operational funds. This assistance shall be additional to the operational fund.

In regions of Member States where POs market less than 15 % of the value of fruit and vegetable production and whose fruit and vegetable production represents at least 15 % of their total agricultural output, the national financial assistance may be reimbursed by the Community at the request of the Member State concerned.

National strategies for sustainable operational programmes

Member States having recognised POs are required to establish National Strategies for sustainable operational programmes.

The National strategy must provide for the following elements:

- (a) an analysis of the situation in terms of strengths and weaknesses and the potential for development;
- (b) justification of the priorities chosen;
- (c) the objectives of operational programmes and instruments, as well as performance indicators;
- (d) assessment of operational programmes;
- (e) reporting obligations POs.

The aims of the analysis of the initial situation are to identify and assess the needs to be met, the ranking of the needs in terms of priorities, the goals to be achieved through the operational programmes to meet those priority needs, the results expected and the quantified targets to be attained in relation to the initial situation, and lay down the most appropriate instruments and actions for attaining those objectives.

The national strategy may be comprised of regional elements. It must integrate a national framework for the environmental actions (NEF).

The national strategy, including the national framework for environmental actions, must be established before draft operational programmes are submitted for approval in any given year. The national framework shall be integrated after having been submitted to the Commission and, if appropriate, after having been amended based on requests for modifications by the Commission.

Member States shall also ensure the monitoring and evaluation of their national strategy and its implementation through the operational programmes.

More detailed information on the National Strategies for sustainable operational programmes established by the Member States can be found in the Country files.

Monitoring and evaluation of operational programmes and of national strategies

Both the national strategies and the operational programmes are subject to monitoring and evaluation aimed at assessing the progress made towards achieving the objectives set for operational programmes, as well as efficiency and effectiveness in relation to those objectives.

Progress, efficiency and effectiveness shall be assessed by means of a common set of performance indicators relating to the baseline situation as well as to the financial execution, outputs, results and impact of the operational programmes implemented.

The common set of performance indicators are listed in Annex XVIII to Commission Regulation (EU) No 543/2011. They can also be found in table 3.1 to 3.5 (the so-called "Monitoring and evaluation tables") of the Annual National Report format - Part A.

The Guidance note "Common Performance Indicators for the Monitoring and Evaluation of Operational Programmes", prepared by the Commission and agreed by Member States, provides more details concerning the rationale of the common set of performance indicators and an overview of the performance indicators that are relevant to each one of the eight types of measures that can be covered under the operational programmes.

Under their national strategy, Member State may decide to specify a limited set of additional indicators specific to that

strategy, reflecting national and/or regional needs, conditions and objectives specific to the operational programmes implemented by POs.

Monitoring and evaluation procedures in relation to operational programmes

POs shall ensure the monitoring and evaluation of their operational programmes by taking use of relevant indicators among the common set of performance indicators and, where appropriate, of the additional indicators specified in the national strategy.

To this end they shall establish a system to collect, record and maintain information useful for the compilation of those indicators.

Monitoring must be aimed at assessing the progress made towards achieving the specific targets that have been set for the operational programme. It must be carried out by means of financial, output and result indicators. The results of the exercise are intended to serve:

- (a) to verify the quality of programme implementation;
- (b) to identify any need for adjustments or review of the operational programme aimed at achieving the goals set for the programme or at improving the management of the programme, including its financial management;
- (c) to contribute to meeting reporting requirements concerning the implementation of the operational programme.

Information concerning the results of the monitoring activities must be included in each annual report that the PO is required to transmit to the National Authority in charge of the management of the national strategy.

Evaluation must take the form of a separate mid-term evaluation report.

The mid-term evaluation exercise may be carried out with the aid of a specialised consultancy office. It must be aimed at examining the degree of use of financial resources, the efficiency and the effectiveness of the operational programme, and assessing the progress made in relation to the overall objectives of the programme. To this end, use must be made of common indicators relating to the baseline situation, results and, where appropriate, impacts.

The results of the evaluation exercise are intended to serve:

- (a) to improve the quality of the operational programmes managed by the producer organisation;
- (b) to identify any need for substantive change of the operational programme;
- (c) to contribute to meeting reporting requirements concerning the implementation of the operational programmes; and
- (d) to draw lessons useful in improving the quality, efficiency and effectiveness of future operational programmes managed by the PO.

The mid-term evaluation exercise must be carried out during the implementation of the operational programme, in time for allowing the results of the evaluation to be considered in the preparation of the subsequent operational programme. The mid-term evaluation report must be annexed to the corresponding annual report.

Monitoring and evaluation procedures in relation to the national strategy

Monitoring and evaluation of the national strategy must be carried out by using relevant indicators among the common set of performance indicators and, where appropriate, additional indicators specified in the national strategy.

Member States are required to establish a system to collect, record and maintain information in computerised form adequate for the purpose of compiling the above-mentioned indicators. To this end, they must build on the information transmitted by the PO in relation to the monitoring and the evaluation of their operational programmes.

Monitoring must be on-going and aimed at assessing the progress made towards achieving the objectives and the targets set for the operational programmes. It must be carried out by means of financial, output and result indicators. To this end, use must be made of the information provided in the annual progress reports transmitted by the PO concerning the monitoring of their operational programmes. The results of the monitoring exercises must be used:

- (a) to verify the quality of the implementation of the operational programmes;

(b) to identify any need for adjustments or review of the national strategy aimed at achieving the goals set for the strategy or at improving the management of the strategy implementation, including the financial management of the operational programmes; and

(c) to contribute to meeting reporting requirements concerning the implementation of the national strategy.

Evaluation must be aimed at assessing the progress made towards the overall objectives of the strategy. It has to be carried out by means of indicators relating to the baseline situation, results and, where appropriate, impact. To this end, use shall be made of the results of the monitoring and mid-term evaluation of the operational programmes as indicated in the annual progress reports and final reports transmitted by the POs. The results of the evaluation exercises must be used:

(a) to improve the quality of the strategy;

(b) to identify any need for substantive change of the strategy; and

(c) to contribute to meeting reporting requirements concerning the implementation of national strategy.-

The evaluation included an evaluation exercise that was carried out in 2012, in time to allow its results to be included in a separate evaluation report to be annexed, in the same year, to the annual national report to be transmitted to the Commission. The report must examine the degree of use of financial resources, the efficiency and effectiveness of the operational programmes implemented, and assess the effects and impact of those programmes, in relation to the objectives, targets and goals set by the strategy and, where appropriate, other objectives set for the operational programmes. It must be aimed at drawing lessons useful in improving the quality of future national strategies, and in particular at identify possible shortcomings in the definition of objectives, targets or measures eligible for support, or needs for defining new instruments.

Producer organisations' annual report

POs are required to submit annual report on the implementation of operational programmes. Those reports must concern the following:

(a) operational programmes implemented during the preceding year;

(b) main amendments to operational programmes; and

(c) variances between estimated aid and aid applied for.

For each operational programme implemented, the annual report must indicate:

(a) the achievements and results of the operational programme, based on, where relevant, the common output and result indicators and, where appropriate, additional output and result indicators set out in the national strategy; and

(b) a summary of the major problems encountered in managing the programme and any measures taken to ensure the quality and effectiveness of programme implementation.

Where relevant, the annual report must also specify what effective safeguards are in place, in accordance with the national strategy, to protect the environment from possible increased pressures coming from investments supported under the operational programme.

For the final year of application of an operational programme, a final report replaces the annual report. The final report must show to what extent the objectives pursued by the programmes have been achieved. It must explain changes to actions and/or methods and identify factors which contributed to the success or failure of the programme's implementation, which have been or will be considered when subsequent operational programmes are drawn up, or when existing operational programmes are amended.

Where a producer organisation fails to transmit the required information to the Member State or if the information transmitted appears incorrect in the light of objective facts in the Member State's possession, the Member State must suspend approval for the relevant operational programme for the following year until the communication is correctly made.

Annual national report

Member States must communicate to the Commission not later than 15 November in any given year an annual report on POs and producer groups and operational funds, operational programmes and recognition plans running in the previous year.

The elements of information that the annual report is required to contain are set out in Annex XIII of Commission Regulation (EC) No 1580/2007. All those elements of information are covered by an Annual Report format defined by the Commission.

That format includes two parts:

- (1) Part A - Information on Market Management. This part covers information concerning:
 - POs (and Associations of POs): recognition, location and membership; total area under fruit and vegetables; volume and value of the products marketed and main destinations of those products; implementation of their operational programmes based on the common performance indicators; level of Community and National financial assistance;
 - Producer groups: recognition, location and membership of producer groups; total area under fruit and vegetables; volume and value of the products marketed and main destinations of those products; level of the Community and National financial assistance.
- (2) Part B - Information for the Clearance of Accounts. This part covers information on checks carried out by the Member State, the results of checks and, where appropriate, the sanctions applied.