Financial Management of Rural Development Programmes 2007-2013

DG AGRI, October 2005
THE SALZBURG CONCLUSIONS

- A single Fund and a single financial management system for rural development,
- Adapted to multi-annual programming,
- Adapted to the good practices from the first pillar.
The EAFRD (European Agricultural Fund for Rural Development)

- Replaces EAGGF Guidance & Guarantee and RDFI-EUR10.
- An Agricultural Fund (Art. 37 of the Treaty) and not a Structural Fund (Art. 159).
- Financial rules according to the same special provisions for SF (Part II of FR).
- In particular multiannual legal commitment but financial commitment split in annual installments.
Basic principles

- Differentiated commitments and payments
  Rule n+2.
- Paying agencies accredited at Member State level.
- Clearance of accounts
  – Annual clearance of accounts decisions.
  – Conformity clearance of accounts decisions in case of irregularities or failure in control by the Member States.
Authorities (I)

- Managing authority (Art. 75 of RD Regulation) mainly responsible for:
  - Ensuring project selection according to programme criteria,
  - Lead monitoring committee and evaluations,
  - Collect and submit monitoring information.
Authorities (II)

- Paying agency (Art. 6 of Reg. 1290/2005 on financing the CAP) mainly responsible for:
  - Paying and declaring the EU contribution to the Commission,
  - Control (internal and on the spot),
  - Annual accounts, pursue irregularities and recover sums unduly paid, and sign statement of assurance.
The financial plan

- Indicates at measure level the amount of private, public, national and EU contributions for the whole period 2007-13.
- Co-financing rate always based on public expenditure and fixed at axis level.
- Only binding figures are:
  - The total amount by year 2007-13,
  - The total by axis for the 7 year period,
  - The co-financing rate: max 80% for RO/BG throughout programme.
Financial operations

- Automatic annual commitments.
- Payment on account (2 X 3.5%).
- Reimbursement payments (4 per year).
- N+2 decommitments (if any).
Declarations of expenditure (I)

- The paying agency declares 4 times per year the expenditure incurred between:
  - 1 January and 31 March by 30 April,
  - 1 April and 30 June by 31 July,
  - 1 July and 15 October by 15 November, and
  - 16 October and 31 December by 31 January.
- The Commission reimburses expenditure within 45 days from reception of the claim.
Declaration of expenditure (II)

- Submitted by the paying agency,
- Referring to public expenditure incurred by the implementing bodies, for which the paying agency has actually paid the Community contribution,
- Detail by RD measure following a standard form,
- The Commission shall develop a local IT financial system interfaced with the MS for submission of declarations and calculation of payments.
The annual accounts

- By 10 February of the year n+1 the paying agency submits the annual accounts of year n:
- Including:
  - A summary of expenditure by RD measure.
  - Extract of the debtor ledger.
  - The statements and reports of the certifying body and the statement of assurance of the Head of the paying agency.
Annual clearance of accounts

- Annual clearance decision to be adopted by 30 April N+1.
- Based on the annual accounts of the year « n » submitted by the paying agency.
- Amounts recoverable or payable shall be deducted from or added to subsequent payments.
Conformity clearance of accounts

- The Commission can decide, after a contradictory procedure with the MS, to exclude from EU co-financing expenditure not effected according to EU rules.

- Expenditure cannot be excluded for which:
  - The final obligation for the beneficiary, or
  - The final payment to the beneficiary occurs more than 24 months before the Commission notifies its findings to the MS.
Treatment of irregularities

- MS shall correct negligence or irregularities by cancelling the EU co-financing concerned.
- Amounts recovered can be re-used for the programme.
- MS inform the Commission annually of the amounts not yet recovered.
- Amounts not recovered after 4 years of first evidence (or 8 years for cases in Court) will be borne 50/50 by the Commission and the MS.
Closure of RDP

- The « classic » SF closure not applicable.
- There is no final report or final payments claim.
- The programme is closed on the basis of the last annual report and the clearance of accounts of the last implementation year.