



European Commission  
Agriculture and Rural Development



# Financial Management of Rural Development Programmes 2007-2013



# 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 Structural Funds.



# Basic principles

- Similar to Structural Funds:
  - Managing authority and monitoring committee.
  - Differentiated commitments and payments and n+2 rule.
  - Multi-annual legal commitment but financial commitment split in annual installments.
  
- Similar to Guarantee:
  - Paying agencies accredited at Member State level.
  - Clearance of accounts
    - Annual clearance of accounts decisions.
    - Conformity clearance of accounts decisions.

# Authorities (I)

- Managing authority (Art. 75 of RD Regulation) mainly responsible for:
  - Project selection according to programme criteria,
  - Lead monitoring committee and evaluations,
  - Collect and submit monitoring information.
  - Preparation of annual progress reports.



## 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),
  - Documents accessible and bookkeeping
  - Annual accounts, pursue irregularities and recover sums unduly paid, and sign statement of assurance.



## Authorities (III)

- The certifying body ( Art.7 of Reg.1290/2005):
  - a public or private legal entity
  - certifying the accuracy of the accounts of the paying agency.
- The Regulation indicates the body responsible for each task. However implementation of tasks can be delegated, except payment of the EAFRD contribution

# The financial plan

- Indicates total EAFRD contribution planned for each year.
- It also indicates the EAFRD contribution and the public funding at axis level for the entire 2007-2013 period.
- Co-financing rate always based on public expenditure and fixed at axis level within a flexibility threshold.
- Only binding figures are:
  - The total amount by year 2007-2013,
  - The total by axis for the 7 year period,





# 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.
- Refers to expenditure incurred by accredited paying agencies in implementing the programme.
- Payments are calculated by applying the co-financing rate for each axis to the certified public expenditure.
- 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 submit the annual accounts of year  $n$ :
- Referring to the EAGGF year 16 Oct -15 Oct.
- Including:
  - A summary of expenditure by RD measure.
  - Extract of the debtor ledger.
  - The statements and reports of the certification 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 irregularities by canceling the EU co-financing concerned.
- Amounts recovered and interests 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.