COMMISSION DECISION

of 27 April 2004

conferring management of aid on implementing agencies for preaccession measures in agriculture and rural development in Hungary in the preaccession period

(2004/385/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1266/1999 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the preaccession strategy and amending Regulation (EEC) No 3906/89[1], and in particular Article 12(2) thereof,

Having regard to Council Regulation (EC) No 1268/1999 of 21 June 1999 on Community support for preaccession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the preaccession period[2], and in particular Article 4(5) and (6) thereof,

Whereas:

(1) The Special Programme for Agriculture and Rural Development for Hungary (hereinafter Sapard) was approved by Commission decision of 18 October 2000[3], as last amended by Commission decision of 25 February 2004, in accordance with Article 4(5) and (6) of Regulation (EC) No 1268/1999.

(2) The Government of Hungary and the Commission, acting on behalf of the European Community, signed on 1 March 2001 the Multiannual Financing Agreement laying down the technical, legal and administrative framework for the execution of Sapard, as last amended by the Annual Financing Agreement for 2003, signed on 28 July 2003, which finally entered into force on 22 December 2003.

(3) The Agriculture and Rural Development Agency (hereinafter ARDA), public institution with legal status, under the subordination of the Ministry of Agriculture and Rural Development has been appointed by the competent authority of Hungary for the implementation of some of the measures defined in Sapard. The National Fund within the Ministry of Finance has been appointed for the financial functions it is due to perform in the framework of the implementation of Sapard.

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1 OJ L 161, 26.6.1999, p. 68.

2 OJ L 161, 26.6.1999, p. 87; Regulation as last amended by Regulation (EC) No 696/2003 (OJ L 99, 17.4.2003, p. 24).

3 C(2000) 2738 final.

(4) On the basis of a case-by-case analysis of the national and sectorial programme/project management capacity, financial control procedures and structures regarding public finance, as provided for in Article 12(2) of Regulation (EC) No 1266/1999, the Commission adopted Decision 2002/927/EC of 26 November 2002 conferring management of aid on implementing agencies for preaccession measures in agriculture and rural development in Hungary in the preaccession period[4] with regard to certain measures provided for in Sapard.

(5) The Commission has undertaken a further analysis under Article 12(2) of Regulation (EC) No 1266/1999 in respect of measure 1305 'Renovation and development of villages and the protection and conservation of rural heritage' and measure 1306 'Development and diversification of economic activities providing for multiple activities and alternative income' (hereinafter 'measures 1305 and 1306') as provided for in Sapard. The Commission considers that, also with regard to those measures, Hungary complies with the provisions of Articles 4 to 6 and of the Annex to Commission Regulation (EC) No 2222/2000 of 7 June 2000 laying down financial rules for the application of Council Regulation (EC) No 1268/1999 on Community support for preaccession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the preaccession period[5], and with the minimum conditions set out in the Annex to Regulation (EC) No 1266/1999.

(6) It is therefore appropriate to waive the ex ante approval requirement referred to in Article 12(1) of Regulation (EC) No 1266/1999 and to confer with regard to measures 1305 and 1306 on the ARDA and on the Ministry of Finance, National Fund, in Hungary the management of aid on a decentralised basis.

(7) Since the verifications carried out by the Commission for measures 1305 and 1306 are based on a system that is not yet fully operating with regard to all relevant elements, it is therefore appropriate to confer the management of Sapard on the ARDA and on the National Fund according to Article 3(2) of Regulation No 2222/2000, on a provisional basis.

(8) Full conferral of management of Sapard is only envisaged after further verification to ensure that the system operates satisfactorily has been carried out and after any recommendations the Commission may issue, with regard to the conferral of management of aid on the ARDA and on the National Fund have been implemented.

(9) On 2 April 2004, the Hungarian authorities proposed the rules for eligibility of expenditure in accordance with Article 4(1) of section B of the Multiannual Financing Agreement. The Commission is called upon to take a decision in this respect,

HAS DECIDED AS FOLLOWS:

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4 OJ L 322, 27.11.2002, p. 51.

5 OJ L 253, 7.10.2000, p. 5; Regulation as last amended by Regulation (EC) No 188/2003 (OJ L 27, 1.2.2003, p. 14).

Article 1

The requirement of ex ante approval by the Commission of project selection and contracting for measures 1305 and 1306 by Hungary provided for in Article 12(1) of Regulation (EC) No 1266/1999 is hereby waived.

Article 2

Management of Sapard is conferred on a provisional basis to:

1. the ARDA under the subordination of the Ministry of Agriculture and Rural Development of Hungary, Alkotmány út 29, District V, Budapest, for the implementation of measures 1305 and 1306 as defined in the Programme for Agriculture and Rural Development that was approved in accordance with Commission Decision C(2000) 2738 final of 18 October 2000, as last amended by the Commission decision, adopted on 25 February 2004;

2. the National Fund within the Ministry of Finance in Hungary, József Nádor tér 2-4., District V, Budapest, for the financial functions it is due to perform in the framework of the implementation of Sapard for measures 1305 and 1306 for Hungary.

Article 3

Expenditure pursuant to this decision shall be eligible for Community co-financing only if incurred by beneficiaries from the date of this decision, or if later, the date of the instrument making them a beneficiary for the project in question, except for feasibility and related studies, where this date shall be 18 October 2000, provided in all cases it has not been paid by the ARDA prior to the date of this decision.

Article 4

Without prejudice to any decisions granting aid under Sapard to individual beneficiaries, the rules for eligibility of expenditure proposed by Hungary by letter of 2 April 2004 and registered in the Commission under No AGR A 11682 of 6 April 2004, shall apply.

Done at Brussels, 27 April 2004.

For the Commission
Franz FISCHLER
Member of the Commission