

# European Fisheries Fund (EFF)

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The Commission presents its third annual report on the implementation of the European Fisheries Fund (EFF). It covers the implementation of the EFF during 2009, the third year of the EFF programming period (2007-2013). Accompanying this report is a Commission Staff Working Document which includes a short summary of the EFF implementation in each Member State as well as four tables with detailed information on financial execution

**Implementation of the European Fisheries Fund by Member States:** the delayed adoption of Council Regulation (EC) No 1198/2006 (the EFF Regulation) had as a consequence the late adoption of Operational Programmes (OP) in Member States. As a result, a small number of Management and Control Systems (MCS) and Audit Strategies had been approved by the Commission by the end of 2008. For this reason the Annual Reports for 2007 and 2008 focused on programming rather than actual execution.

In most Member States the proper implementation of the EFF took off in 2009. The overall EFF execution at the end of this third year was 18.4% (EUR 793 894 729) in terms of commitments and 4.1% (EUR 175 029 780) in terms of payments of which 61.93% for convergence (EUR 108 408 149) and 38.06% for non-convergence regions (EUR 66 621 631). These payments were partly made in the form of second pre-financing payments (EUR 108 821 400), an opportunity introduced by the Council Regulation (EC) N° 744/2008 (Restructuring Regulation), claimed by 7 Member States in 2009. The other payments were made in the form of interim payments for a total of EUR 66 208 380.

There are number of reasons for the slow rate of implementation, which were beyond the control of Member States. The programming stage was significantly delayed. Besides the late adoption of EFF Regulation and Implementing Regulation, there were also additional revisions of OP's in those Member States which decided to implement the Restructuring Regulation. Setting up compliant MCS was also a complex task managed for the first time by relatively small fisheries administration. The 10 OPs for which the MCS had not been accepted by December 2009 represented around 75% of the EFF budget allocated for the whole period. As these causes of delay are no longer present, it is expected that the rate of implementation will be accelerated throughout the remaining duration of the programme.

In addition, external factors linked to economic crisis made the absorption of the funds an even more difficult task for Member States. As a result, by the end of 2009 Axis 1 (where permanent and temporary cessation measures combined with high aid intensity facilitate financial absorption) accounted for most of the payments certified by Member States (56%) while Axis 2 and Axis 3 accounted for, respectively, 17% and 25%. However, the figure of 18.4% of the overall EFF allocation committed to concrete projects, with some Member States exceeding 30%, indicates some forthcoming progress in the implementation. The commitments by axes amounted to 7.7% for Axis 1, 5.3% for Axis 2, 4.7% for Axis 3 and 0.4% for Axis 4. These figures show some progress not only for Axis 1 but also for the support under Axis 2 and 3. This means that the implementation of private and collective investment projects, notwithstanding the effects of the financial and economic crisis, may be picking up.

Axis 4 had a slower start, due to the longer time needed to set up local partnerships and adopt local development strategies. By the end of 2009 however, more than 90 Fisheries Local Action Groups (FLAGs) had already been selected in nine of the twenty-one Member States implementing axis 4.

In order to accelerate the rate of EFF implementation and make the EFF assistance reach the beneficiaries in the fisheries, aquaculture and processing sectors, Member States need to act as soon as possible, in line with the financial discipline.

**Economic situation of the fishing sector** : in total, Member States adopted 13 Fleet Adjustment Schemes (FAS), which envisage the scrapping of 367 vessels accounting for 32 448 GT and 50 934 kW. Between 01.01.2007 and 31.12.2009 the size of the EU fleet has been reduced from 1 970 860 GT to 1 797 292 GT and from 7 168 605 kW to 6 627 994 kW. Cumulated figures from Member States annual reports on EFF implementation for 2007-2009 show that fleet reduction with EFF assistance planned in this period is 138 427 GT and 442 232 kW. These figures show that the mid-term target of 7% reduction GT by 2010 (~ 140 000 GT) and 15% kW reduction envisaged for the period 2007-2013 has been achieved. Concerns expressed about proper measurement of KW in this context will be addressed in the framework of control implementing regulation.

EU assistance accounted for less than 50% of the overall reduction of the EU fleet. This seems to indicate that economic problems and the over-fished stocks are pushing down the size of the fleet. The result is a significant amount of capacity withdrawn without public aid which is not being replaced. The Commission expects reductions in employment in some important fleets, especially those with high fuel consumption, and a modest or low economic profitability in other fleet segments which, in turn, might limit available private investment.