Agenda 2000: CEEC applicant countries, pre-accession aid for agriculture and rural development SAPARD

1998/0100(CNS) - 26/05/2004 - Court of Auditors: opinion, report

PURPOSE : to present a European Court of Auditor's Report 2/2004 posing the question – "Has SAPARD been well-managed?"

CONTENT : between 1999 and 2000 the pre-accession budget effectively doubled. This coincided with the 1998 Regulation setting up the SAPARD programme. Since its creation, Sapard has been unique amongst other EU financial programmes in that it is the first external aid programme to be implemented in a decentralised manner. The doubling of the pre-accession budget combined with the decentralised structure of Sapard has led the Court of Audit to prepare this Report and pose the question, "Has Sapard been well-managed".

The conclusions of the Report are varied. The Court of Auditors found that management has been of mixed qualities. The main finding of the Report are as follows:

- The Commission did not guarantee that implementation problems were actively and systematically identified and followed up. Nor did they ensure that best practices were applied in all the Sapard countries. According to the Court of Auditors the Commission sees its chief management role as one of monitoring - given the decentralised nature of Sapard.

- There were substantial delays in getting Sapard underway. A further criticism of the Report is that there has been to much emphasis on overly heavy administrative procedures. As a result budgets were systematically over estimated and large proportions of available funds unused. For example, in the first four years of implementation, only EUR 323 million – or 14.8% of the available budget was paid to final beneficiaries.

- The Commission failed to report on how well Sapard had achieved its objectives and there was too much focus on institution building. The Court notes that institution building, though normally a prerogative of the PHARE programme, has been positive in terms of providing hands-on experience for the management of EU funds. It is, nevertheless, not the main priority of the Sapard programme.

- Money for agricultural processing has generally been spent on projects which increase the quantity of agricultural products – more so than on projects which improve the quality of agricultural production.

- Potential beneficiaries have difficulties obtaining credit and have been faced with heavy administrative procedures. Sapard, thus, tends to favour the financially strong with sufficient capital or access to loans. This is a major handicap to smaller farms.

- General costs of up to 2% of total eligible costs may be charged to the project, which at the time of the audit were largely consultants' fees. According to the Court, there was typically no justification for the fees charged. Few checks are made ensuring that costs relate to the services provided or indeed that the services have been provided in the first place.