

**COMMISSION REGULATION (EC) No 963/2003
of 4 June 2003**

amending Regulation (EC) No 445/2002 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations ⁽¹⁾, and in particular Articles 34, 45 and 50 thereof,

Whereas:

- (1) In the light of the experience gained in applying Commission Regulation (EC) No 445/2002 ⁽²⁾, the Member States and the Commission have found that some of its provisions should be simplified.
- (2) In order to make the monitoring of rural development programmes more flexible, Regulation (EC) No 445/2002 should be simplified, in particular as concerns the procedure for amending programming documents and the indicative overall financial table.
- (3) It has been found that the time limit for notifying cases of *force majeure* and providing the relevant evidence may be too short in certain cases. Member States should therefore be given the right to extend that time limit.
- (4) Since the beginning of the programming period standard unit costs have frequently been fixed for certain investments part-financed under the first, second and sixth indents of Article 30(1) and under Article 31 of Regulation (EC) No 1257/1999. In the interests of clarity and in order to simplify the management of those measures, provision should be made from 2000 onwards to allow the exemption of beneficiaries from the requirement to present invoices under Commission Regulation (EC) No 1685/2000 of 28 July 2000 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards eligibility of expenditure of operations part-financed by the Structural Funds ⁽³⁾. The conditions by which Member States may apply such standard costs should also be laid down in order to ensure efficient management.

- (5) To facilitate the financial administration of rural development programmes, the conditions for amending the financing of measures should be relaxed so that only substantial amendments to the financing of programmes are subject to the management committee procedure.
- (6) Provision should be made for the possibility of exceeding the limit on submitting amendments to programming documents to the Commission in cases where such amendments are the result of a natural disaster or other exceptional occurrence with a major impact on the Member State's programming.
- (7) The procedure should be changed for amendments to rural development programming documents and single programming documents under Objective 2 in the case of rural development measures financed by the EAGGF Guarantee Section which do not require approval from the Commission. Communication of financial amendments to the Commission should be rapid and efficient, as should the Commission's examination of other amendments.
- (8) To ensure effective and regular monitoring, the Member States should make a consolidated and updated electronic version of their programming documents available to the Commission.
- (9) The deadline for submitting the annual progress reports provided for in Article 48(2) of Regulation (EC) No 1257/1999 should be the date provided for in the context of multiannual assistance under Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds ⁽⁴⁾, as amended by Regulation (EC) No 1447/2001 ⁽⁵⁾.
- (10) In order to give the Member States more flexibility as regards the Community's contribution to the financing of evaluation, the minimum level of co-financing for *ex post* evaluation should be abolished.
- (11) The fact that investment measures are often implemented over several years should be taken into account in order to ensure optimal on-the-spot checking in terms of both the choice of beneficiary and the period of inspection and avoid checks which are not relevant.

⁽¹⁾ OJ L 160, 26.6.1999, p. 80.

⁽²⁾ OJ L 74, 15.3.2002, p. 1.

⁽³⁾ OJ L 193, 29.7.2000, p. 39.

⁽⁴⁾ OJ L 161, 26.6.1999, p. 1.

⁽⁵⁾ OJ L 198, 21.7.2001, p. 1.

(12) The technical constraints of aid schemes for forestry measures other than afforestation of agricultural land make superfluous the sanctions provided for in Articles 30 and 31 and Article 32(1) of Commission Regulation (EC) No 2419/2001 of 11 December 2001 laying down detailed rules for applying the integrated administration and control system for certain Community aid schemes established by Council Regulation (EEC) No 3508/92 ⁽¹⁾, as amended by Regulation (EC) No 2550/2001 ⁽²⁾.

(13) Article 44 of Regulation (EC) No 2419/2001 providing for exceptions from the application of reductions in and exclusions from aid applies to support granted on the basis of land area or number of animals. In the interests of consistency, those exceptions should be extended to other rural development measures.

(14) Information on the effect of former accompanying measures under Council Regulation (EEC) No 2078/92 ⁽³⁾, Council Regulation (EEC) No 2079/92 ⁽⁴⁾, and Council Regulation (EEC) No 2080/92 ⁽⁵⁾, where such measures form part of the financial programming for 2000 to 2006, should be included in the annual report provided for in Article 48(2) of Regulation (EC) No 1257/1999. In addition, the expenditure arising under such measures should be included in the information which Member States are required to supply by 30 September each year as provided for in Article 47 of Regulation (EC) No 445/2002. Taking into account those matters, the requirements as regards financial monitoring provided for in Article 17 of Commission Regulation (EC) No 746/96 ⁽⁶⁾, Articles 1 and 2 of Commission Regulation (EC) No 1404/94 ⁽⁷⁾ and Articles 1 and 2 of Commission Regulation (EC) No 1054/94 ⁽⁸⁾ should be deleted.

(15) It appears that the requirement of approval by the Commission for amendments to some of the main features of support measures referred to in Annex II to Regulation (EC) No 445/2002 has made the management of programmes cumbersome. That Annex should therefore be amended so that such changes may be decided by the Member States and notified to the Commission.

(16) Regulation (EC) No 445/2002 should therefore be amended accordingly.

(17) The measures provided for in this Regulation are in accordance with the opinion of the Committee on Agricultural Structures and Rural Development,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 445/2002 is hereby amended as follows:

1. in Article 33(2), the following sentence is added:

'That deadline may be extended by 20 working days so long as that possibility is provided for in the programming document.'

2. in Section 1 of Chapter II, the following Article 39a is added:

'Article 39a

1. Member States applying standard unit costs for establishing the cost of certain forestry investments under the first, second and sixth indents of Article 30(1) and under Article 31 of Regulation (EC) No 1257/1999 may exempt beneficiaries from the requirement to present receipted invoices or accounting documents of equivalent probative value for the investments concerned as provided for in point 2 of Rule 1 of the Annex to Regulation (EC) No 1685/2000.

2. The costs referred to in paragraph 1 may be applied provided the following conditions are fulfilled:

(a) the costs are calculated by the competent public authorities on the basis of objective criteria permitting determination of the cost of individual activities, taking account of specific local conditions and avoiding any overcompensation;

(b) the part-financed investments are made between the date the aid application is submitted and the date final payment of that aid is made.;

3. Article 44 is amended as follows:

(a) paragraph 2 is amended as follows:

(i) points (b), (c) and (d) are replaced by the following:

'b) the main features of the support measures as referred to in Annex II;

c) the overall amount of Community support and the overall total eligible cost or eligible public expenditure fixed in the decision approving the programming document;

d) the distribution of the financial allocation made for the measures contained in the programming document, where it exceeds:

— 15 % of the total eligible cost of the programme concerned for the entire programming period, if the Community contribution is based on the total eligible cost,

⁽¹⁾ OJ L 327, 12.12.2001, p. 11.

⁽²⁾ OJ L 341, 22.12.2001, p. 105.

⁽³⁾ OJ L 215, 30.7.1992, p. 85, repealed by Regulation (EC) No 1257/1999.

⁽⁴⁾ OJ L 215, 30.7.1992, p. 91, repealed by Regulation (EC) No 1257/1999.

⁽⁵⁾ OJ L 215, 30.7.1992, p. 96, repealed by Regulation (EC) No 1257/1999.

⁽⁶⁾ OJ L 102, 25.4.1996, p. 19, repealed by Regulation (EC) No 1750/1999.

⁽⁷⁾ OJ L 154, 21.6.1994, p. 8, repealed by Regulation (EC) No 1750/1999.

⁽⁸⁾ OJ L 115, 6.5.1994, p. 6, repealed by Regulation (EC) No 1750/1999.

- 20 % of the total eligible public expenditure for the programme concerned for the entire programming period, if the Community contribution is based on the eligible public expenditure,

calculated on the basis of the financial table annexed to the Commission Decision approving the programming document, as last amended.'

(ii) point (e) and the second subparagraph are deleted;

(b) paragraph 3 is replaced by the following:

'3. The amendments referred to in paragraph 2 shall be submitted to the Commission in a single proposal per programme no more than once per calendar year.

The first subparagraph shall not apply where amendments are required as a result of a natural disaster or other exceptional occurrence with a major impact on the Member State's programming.;

(c) paragraph 4 is replaced by the following:

'4. Amendments of a financial nature which are not covered by paragraph 2(d) and amendments to the Community contribution rate as referred to in the first indent of point 9(2) B of Annex II shall be communicated to the Commission together with the financial table amended in accordance with point 8 of Annex II. They shall enter into force on the date on which they are received by the Commission.

The amendments of a financial nature referred to in the first subparagraph when totalled over a calendar year may not exceed the ceilings provided for in paragraph 2(d).;

(d) in paragraph 5, 'at least two months' is replaced by 'at least three months';

4. in Section 2 of Chapter II, the following Article 45a is added:

'Article 45a

Member States shall make available to the Commission a consolidated electronic version of their programming documents, updated following each amendment. They shall provide the Commission with the electronic address at which the consolidated versions of programming documents can be consulted and shall inform it each time they are updated.

Furthermore, Member States shall keep an electronic version of all the previous versions of their programming documents.;

5. in Article 51, the second sentence of the second paragraph is deleted;

6. in Article 53(1), '30 April of each year' is replaced by '30 June of each year';

7. in Article 61, the following sentence is added to the second paragraph:

'For investment support measures under Title II, Chapters I, VII, VIII and IX of Regulation (EC) No 1257/1999, Member States may provide that on-the-spot checks concern only those projects in the process of completion.;

8. Article 62 is replaced by the following:

'Article 62

Articles 30 and 31 and Article 32(1) of Regulation (EC) No 2419/2001 shall apply to area payments. Those provisions shall not apply to support under forestry measures other than afforestation of agricultural land.

Articles 36, 38 and 40 of that Regulation shall apply to support based on livestock.;

9. the following Article 62a is inserted:

'Article 62a

1. Article 44 of Regulation (EC) No 2419/2001 shall apply to support granted to all rural development measures.

2. In the event of undue payment, the beneficiary under a rural development measure shall be under an obligation to repay the amount concerned in accordance with Article 49 of Regulation (EC) No 2419/2001.;

10. in Article 65, paragraph 2 is replaced by the following:

'2. The Regulations and Decisions repealed by Regulation (EC) No 1750/1999, with the exception of Article 17 of Commission Regulation (EC) No 746/96 (*), Articles 1 and 2 of Commission Regulation (EC) No 1404/94 (**), and Articles 1 and 2 of Commission Regulation (EC) No 1054/94 (***), shall continue to apply to actions approved by the Commission before 1 January 2000 under the Regulations referred to in Article 55(1) of Regulation (EC) No 1257/1999.

(*) OJ L 102, 25.4.1996, p. 19.

(**) OJ L 154, 21.6.1994, p. 8.

(***) OJ L 115, 6.5.1994, p. 6.;

11. in Article 66, the following paragraph is added:

'Article 39a(1) shall apply from 1 January 2000.;

12. Annex II is amended in accordance with the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the seventh day following that of its publication in the *Official Journal of the European Union*.

However, point (3)(a) and point (12) of Article 1 of this Regulation shall not apply to amendments to rural development programming documents and rural development measures funded by the EAGGF Guarantee Section contained in single programming documents under Objective 2 which had been received by the Commission before the entry into force of this Regulation and which have not yet been the subject of a Commission decision by that date.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 4 June 2003.

For the Commission
Franz FISCHLER
Member of the Commission

(EUR million)

	Year 1			Year 2			Year 7		
	Public expenditure ⁽¹⁾	EU contribution ⁽²⁾	Private sector contribution ⁽³⁾	Public expenditure ⁽¹⁾	EU contribution ⁽²⁾	Private sector contribution ⁽³⁾	Public expenditure ⁽¹⁾	EU contribution ⁽²⁾	Private sector contribution ⁽³⁾
Other measures									
Evaluation									
Former measures from before 1992									
Transitional measures ⁽⁴⁾									
Total other measures									
Total expenditure incurred (D)									
Total plan — (P) ⁽⁵⁾									
Under-utilisation (P-D)									
Over-utilisation (D-P)									

⁽¹⁾ Column for planned (public) expenditure, provided for guidance.

⁽²⁾ Column for the Community contribution planned for each measure. The Community contribution relating to expenditure to be paid is calculated using the rates and arrangements laid down in the programme for each measure. The Community contribution may be calculated in relation to eligible public expenditure (column 2/column 1) or total eligible cost (column 2/(column 1 + column 3)).

⁽³⁾ Column for planned (private-sector) expenditure, provided for guidance when such a contribution is provided for the measure.

⁽⁴⁾ Article 4(2) of Regulation (EC) No 2603/1999. The Member States must define the criteria, identifying clearly the expenditure to be included in programming.

⁽⁵⁾ Calculated on the basis of the financial table annexed to the Commission Decision approving the programming document as last amended.

APPLICATION OF APPROPRIATIONS RESULTING FROM MODULATION

	Year 1		Year 2		Year 7		Total	
	Public expenditure	EU contribution	Public expenditure	EU contribution	Public expenditure	EU contribution	Public expenditure	EU contribution
Early retirement								
Agri-environment								
Afforestation								
Less-favoured areas								
Total modulation								

Note: Where a measure is entered simultaneously under more than one priority, the Member State shall provide, for the purposes of financial management, an additional table consolidating all expenditure relating to the measure. That additional table shall follow the structure of the table above and the order of the list below.

— The different measures are defined as follows:

- (a) investment in farms;
- (b) start-up assistance for young farmers;
- (c) training;
- (d) early retirement;
- (e) less-favoured areas and areas with environmental restrictions;
- (f) agri-environment;
- (g) improving processing and marketing of agricultural products;

- (h) afforestation of agricultural land;
 - (i) other forestry measures;
 - (j) land improvement;
 - (k) reparation;
 - (l) setting up farm relief and farm management services;
 - (m) marketing of quality agricultural products;
 - (n) basic services for the rural economy and population;
 - (o) renovation and development of villages and protection and conservation of the rural heritage;
 - (p) diversifying agricultural activities and activities close to agriculture to provide multiple activities or alternative sources of income;
 - (q) agricultural water resources management;
 - (r) development and improvement of infrastructure connected with the development of agriculture;
 - (s) encouragement for tourist and craft activities;
 - (t) protecting the environment in connection with agriculture, forestry and landscape management and improving animal welfare;
 - (u) restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention instruments;
 - (v) financial engineering.
- Measures (j) to (v) may be defined as a single measure: (j) promoting the adaptation and development of rural areas.
- EAGGF Guarantee Section resources for measures to promote the adaptation and development of rural areas adopted in application of Article 33 of Regulation (EC) No 1257/1999 in Objective 2 (rural) areas: EUR ... million (% of total for Article 33).'

2. in point 9(1)A, the following indent is added:
 - ‘— overall objective of each measure’;
3. in point 9(2)A, the first and second indents are deleted;
4. in point 9(2)B, the following indents are inserted after ‘Other information’:
 - ‘— rate of Community contribution based on either the total cost or public expenditure;
 - aid intensity and/or amount and differentiation applied (Chapters I to VIII);’
5. in point 9(3)V.A, point 1 of the first indent is deleted;
6. in point 9(3)V.A, the introductory phrase of point 3 of the first indent is replaced by the following:

‘for compensatory allowances under Articles 13(b) and 16 of Regulation (EC) No 1257/1999: the initial detailed agronomic calculations showing:’;
7. in point 9(3)V.B, the following points are added to the first indent:
 - ‘3. amount of aid for payments referred to in point (a) of Article 13 of Regulation (EC) No 1257/1999: justification of differentiation of the amount of aid using the criteria set out in Article 15(2) of that Regulation;
 4. for compensatory allowances referred to in point (b) of Article 13 and Article 16 of Regulation (EC) No 1257/1999: changes to the detailed agronomic calculations fixed in the programming document as approved.’;
8. in point 9(3)VI.A, the second, third and fourth indents are deleted;
9. in point 9(3)VI.A, the introductory phrase of the fifth indent is replaced by the following text:

‘the initial detailed agronomic calculations showing:’;
10. in point 9(3)VI.B, the following indents are inserted after ‘Other information’:
 - ‘— the list of local breeds in danger of being lost to farming and the number of breeding females for the areas concerned. That number must be certified by a duly recognised technical body — or breeder's organisation/association — which must register and keep up-to-date the herd or flock book for the breed. The body concerned must possess the necessary skills and knowledge to identify animals of the breeds in question,
 - for plant genetic resources under threat of genetic erosion, evidence of genetic erosion based upon scientific results and indicators for the occurrence of landraces/primitive (local) varieties, their population diversity and the prevailing agricultural practices at local level,
 - details of obligations on farmers and any other terms of the commitment, including scope and procedures for adjusting of running contracts,
 - changes to the level of support up to 120 % of the costs and income lost indicated in the agronomic calculations fixed in the programming document as approved and the justification for these changes.’
11. Point 9(3)VIII.A is deleted;

12. in point 9(3)VIII.B, the following indents are inserted after 'Other information':
- definition of:
 - (i) "agricultural land" in relation to Article 26 of this Regulation;
 - (ii) "farmer" in relation to Article 27 of this Regulation;
 - (iii) provisions ensuring that the planned measures are suited to local conditions and compatible with the environment as well as keeping a balance between forestry and game populations where applicable;
 - (iv) contractual arrangements between regions and potential beneficiaries concerning measures referred to in Article 32 of Regulation (EC) No 1257/1999;
 - where the standard costs referred to in Article 39a are applied:
 - (i) the standard unit costs;
 - (ii) the method used to fix those costs;
 - (iii) compliance with the criterion of avoidance of overcompensation.;
13. In point 12, the following final point is added:
- '4) *Other information:*
- Where appropriate, information that the time limit for notifying cases of *force majeure* has been extended (Article 33(2) of this Regulation).;
14. Point 16.B is replaced by the following:
- 'B. Other information:
- abolition of a State aid;
 - changes to the additional financing in the form of State aid granted for any of the measures in the programming document as approved;
 - rate of aid.'
-